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UILC: 6233.00-00, 6662.00-00

[Third Party Communication:
Date of Communication: Month DD, YYYY]

Number: **202625023**
Release Date: 6/18/2026

From: [redacted]
Sent: Wednesday, April 22, 2026 8:44:36 AM
To: [redacted]
Cc: [redacted]
Bcc:
Subject: RE: BBA Passthrough Penalty Question

Hi [redacted],

For purposes of computing accuracy-related penalties, the partnership is treated as an individual subject to tax for the reviewed year. I.R.C. § 6233(a)(3). The imputed underpayment would be treated as the underpayment or understatement of tax for the reviewed year, and penalties are determined based on the amount of the imputed underpayment. Id. To determine whether the understatement is substantial under section 6662(d)(1)(A), the amount of tax to be shown on the return is the tax that would result by treating the net income or loss of the partnership for the reviewed year reflecting any adjustments as taxable income described in I.R.C. § 1(c) (determined without regard to I.R.C. § 1(h)). Treas. Reg. § 301.6233(a)-1(c)(2)(iv)(B). IRM 20.1.5.21.3.2 provides a helpful example of the calculation.

If you have any questions or would like to discuss, please don't hesitate to let us know.

Thanks,
[redacted]