

# TaxNewsFlash

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## Reporting deadlines for certain partnership “basis shifting” transactions identified as transactions of interest

Final regulations (T.D. 10028) identifying certain partnership related-party “basis shifting” transactions and substantially similar transactions as transactions of interest (TOI) were published today in the Federal Register and are now effective.

Today's published version of the final rule starts the clock on reporting deadlines for both taxpayers and material advisors that were not specified in the unpublished version released on January 10, 2025 (read *TaxNewsFlash*), specifically:

- Calendar year taxpayers that have participated in a TOI covered by the final regulations during 2019 through 2024 and that have filed a return for which the assessment period is still open as of January 14, 2025 must file with the Office of Tax Shelter Analysis (OTSA) by July 14, 2025.
- Material advisors have until July 29, 2025, to file with OTSA to report a TOI covered by the final regulations that occurred during 2019 through 2024.

Failure to comply with the newly introduced reporting requirements can result in the imposition of penalties under Section 6707 (material advisors) and Section 6707A (taxpayers). Generally, taxpayers may face a minimum penalty of \$10,000 and maximum penalty of \$50,000 for failure to file. Material advisors may face a \$50,000 penalty.

KPMG LLP will provide further analysis and observations on the final regulations at a later date—[subscribe to \*TaxNewsFlash\*](#) to receive email alerts.

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