



TaxNewsFlash

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U.S. Tax Court: Notice of final partnership adjustment was timely and valid

The U.S. Tax Court held, in a reviewed decision in which all judges of the court joined, that a Notice of Final Partnership Adjustment (FPA) issued to the taxpayer was timely under section 6235(a)(2) and was valid.

The case is: *Mammoth Cave Property, LLC v. Commissioner*, 166 T.C. No. 4 (March 9, 2026). Read the Tax Court's [opinion](#)

Summary

The taxpayer is a limited liability company treated as a partnership for federal tax purposes and subject to the centralized partnership audit regime as established by the Bipartisan Budget Act of 2015 (BBA). The taxpayer filed its 2018 Form 1065 on September 16, 2019, on which it designated its partnership representative (“MCJV”) and its designated individual (“Mr. Pollock”) for the 2018 tax year. On the 2018 Form 1065, the taxpayer listed a Welsh, Louisiana address (the “Welsh address”) for the partnership representative.

On October 22, 2020, the taxpayer received a Notice of Administrative Proceeding (NAP) with respect to its 2018 tax year, on which the Welsh address was shown as the address of the partnership representative.

On December 14, 2020, the taxpayer submitted a Form 8979, *Partnership Representative Revocation, Designation, and Resignation*, on which it sought to designate a new partnership representative (“MCML”) and new designated individual (“Mr. Mills”) for the 2018 tax year. On the Form 8979, the partnership listed the Welsh address as the partnership representative address. Due to an error on the first Form 8979, the taxpayer submitted a corrected Form 8979, dated March 26, 2021, again designating MCML and Mr. Mills as the partnership representative and designated individual, respectively. On the corrected Form 8979, the taxpayer again listed the Welsh address as the partnership representative address. On April 2, 2021, the IRS received the corrected Form 8979. On October 28, 2021, the IRS sent both the original and new designated individuals Notices of Partnership Representative Status confirming the new designation was effective as of April 2, 2021.

On January 19, 2022, the taxpayer’s attorney submitted by certified mail to the IRS service center in Ogden, UT, two Forms 8822–B, *Change of Address or Responsible Party—Business*, requesting that the taxpayer’s and its partnership representative’s addresses be changed to a new address (the “Dexter address”) and that the change be processed at the Ogden center’s “earliest convenience.” The taxpayer did not provide a copy of the Forms 8822–B to the revenue agent conducting the examination of the taxpayer’s 2018 Form 1065.

On May 20, 2022, respondent mailed a Preliminary Partnership Examination Changes, Imputed Underpayment Computation and Partnership Level Determinations as to Penalties, Additions to Tax and Additional Amounts, to MCML at the Welsh address. On July 11, 2022, the IRS issued a Notice of Proposed Partnership Adjustment (NOPPA) to the taxpayer. The IRS mailed four copies of the NOPPA – one addressed to the taxpayer, two to the two attorneys representing the taxpayer, and one to MCJV, the former partnership representative. The copy sent to MCJV was sent to the Welsh address and to the attention of Mr. Mills as designated individual, i.e., the designated individual appointed as of April 2021. No NOPPA was issued to MCML, the new partnership representative effective as of April 2, 2021. The IRS processed the taxpayer's address change request on August 24, 2022, one month after the NOPPA was issued.

Even after the taxpayer submitted its address change request and the IRS updated the address in its system, the taxpayer continued to list the Welsh address as the partnership representative's address. For example, on March 30, 2023, the taxpayer filed Form 8984, *Extension of the Taxpayer Modification Submission Period Under Section 6225(c)(7)*, and listed the Welsh address for both the taxpayer and MCML. In addition, on June 6, 2023, almost a year after changing to the Dexter address, the taxpayer filed Form 8980, *Partnership Request for Modification of Imputed Underpayments Under IRC Section 6225(c)*, again using the Welsh address for the partnership and the partnership representative.

On January 5, 2024, the IRS issued an FPA to the taxpayer for 2018 at the Dexter address. The taxpayer subsequently petitioned the Tax Court, arguing that the period of limitations under section 6235(a)(2) had expired before the IRS issued the FPA to the taxpayer. The Taxpayer argued that because the NOPPA was sent to the incorrect partnership representative and to the incorrect address, the NOPPA was never properly issued.

The Tax Court found that the requirement that the NOPPA be sent to the partnership was met based on the IRS having mailed the NOPPA to the attention of the correct designated individual, Mr. Mills, at the Welsh address. The court stated that “[a]s MCML’s designated individual, Mr. Mills was the ‘sole individual’ through whom the partnership representative could act with respect to the proposed adjustments. Treas. Reg. § 301.6223-1(b)(3)(i). And because the NOPPA identified petitioner as the partnership subject to [the] proposed adjustment, there could have been no doubt that it was sent to Mr. Mills in his capacity as designated individual for petitioner’s partnership representative. Such a mailing was ‘to . . . the partnership representative’ within the meaning of section 6231(a).” Moreover, the court found that the taxpayer timely responded to the NOPPA by requesting an extension to file a modification within the 270-day period under section 6225(c)(7).

The court further concluded that the NOPPA is not a jurisdictional notice, but rather it is a prerequisite for the issuance of an FPA, which like a Notice of Final Partnership Administrative Adjustment (FPAA) under the TEFRA regime (the predecessor to the BBA partnership audit regime) enables the partnership to file a petition in a court for readjustment. Caselaw addressing whether an FPAA is valid looks to whether minimal notice was provided, and defects in FPAA's can be excused when a partnership actually receives notice of any proposed or determined adjustments. The court found the taxpayer did not show that it was prejudiced by errors related to the NOPPA because the audit and communications between it and the IRS continued without interruption.

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