



TaxNewsFlash

United States

No. 2026-214
September 9, 2026

U.S. Tax Court: Final partnership adjustment held timely under BBA limitations period rules

The U.S. Tax Court held that the IRS timely issued a Notice of Final Partnership Adjustment (FPA) under the centralized partnership audit regime enacted by the Bipartisan Budget Act of 2015 (BBA). The partnership and the IRS had agreed under section 6235(b) to extend the section 6235(a)(1) limitations period. Because the FPA was issued within the extended section 6235(a)(1) period, the Tax Court held the FPA was timely.

The case is: *Katanga Properties, LLC v. Commissioner*, 167 T.C. No. 10 (Sept. 9, 2026). Read the Tax Court's [opinion](#).

Summary

On June 10, 2021, the partnership filed its 2020 Form 1065. In May 2022, the IRS sent a notice to the partnership indicating that the IRS had selected the 2020 Form 1065 for exam. The partnership and IRS agreed to extend the limitations period for partnership adjustments under section 6235(a)(1) by executing a Form 872-M. The section 6235(a)(1) period was extended until May 30, 2025. The IRS issued a Notice of Proposed Partnership Adjustment (NOPPA) on April 16, 2024, and subsequently mailed the FPA on March 25, 2025. The partnership did not request any modifications under section 6225(c).

The partnership argued that section 6235(a) establishes sequential deadlines and that the IRS had only 330 days from the issuance of the NOPPA under section 6235(a)(3) to issue the FPA. The IRS contended that section 6235(a) allows adjustments until the latest applicable deadline in paragraphs (1), (2), or (3) of section 6235(a), including any extension under section 6235(b).

The Tax Court agreed with the IRS. The Tax Court acknowledged that under section 6235(a)(3), the IRS has at least 330 days after the issuance of a NOPPA to issue an FPA. The Tax Court also observed, however, that the 330-day period found in section 6235(a)(3) does not eliminate or otherwise supersede the periods set forth in sections 6235(a)(1) and (a)(2). The Tax Court also observed that the statutory language provides that no adjustment may be made after the later of the periods described in section 6235(a)(1), (2), or (3). The court concluded that because the parties validly extended the section 6235(a)(1) period to May 30, 2025, and the FPA was mailed on March 25, 2025, the FPA was timely.

kpmg.com/socialmedia



The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at + 1 202.533.3712, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)