United States Tax Court

167 T.C. No. 10

KATANGA PROPERTIES, LLC, R. BRENT EVANS, PARTNERSHIP REPRESENTATIVE,
Petitioner

v.

COMMISSIONER OF INTERNAL REVENUE,
Respondent

Docket No. 9439-25. Filed September 9, 2026.

P is an LLC that is treated as a partnership for federal tax purposes. P is subject to the centralized partnership audit regime as established by the Bipartisan Budget Act of 2015, Pub. L. No. 114-74, 129 Stat. 584. P timely petitioned this Court challenging R's Notice of Final Partnership Adjustment, alleging that it was issued untimely. *See* I.R.C. § 6235(a).

Held: R's FPA issued to P is timely pursuant to I.R.C. § 6235(a)(1) and (b).

Samuel H. Grier, *Hale E. Sheppard*, *Brittany S. Kovalskaya*, and *John M. Bartel*, for petitioner.

Jeffrey Phillips and *Peter N. Tran*, for respondent.

OPINION

WEILER, *Judge*: Petitioner, Katanga Properties, LLC, is a limited liability company that is treated as a partnership for federal income tax purposes under the Bipartisan Budget Act of 2015 (BBA), Pub. L. No. 114-74, § 1101, 129 Stat. 584, 625.[1] Respondent issued a Notice of Final Partnership Adjustment (FPA), disallowing a charitable contribution deduction petitioner claimed for tax year 2020.

This case is before the Court on petitioner's Motion for Summary Judgment (Motion). Petitioner's Motion contends the period of limitations expired before respondent mailed the FPA on March 25, 2025. For the reasons below, we will deny the Motion.

Background

The following facts are derived from the parties' filings to date. The facts are stated solely for purposes of ruling on the Motion and not as findings of fact in this case. *See Sundstrand Corp. v. Commissioner*, 98 T.C. 518, 520 (1992), *aff'd*, 17 F.3d 965 (7th Cir. 1994). Petitioner was a limited liability company with its principal place of business in Louisiana when it timely filed its Petition.

Petitioner filed its 2020 Form 1065, U.S. Return of Partnership Income, on June 10, 2021. With its return petitioner also filed Form 8979, Partnership Representative Revocation, Designation, and Resignation, designating R. Brent Evans as the Partnership Representative (PR).

On May 27, 2022, respondent issued a Notice of Selection for Examination letter to petitioner regarding its 2020 Form 1065. Petitioner and the IRS agreed to extend the limitations period for adjustments under section 6235(a)(1) until May 30, 2025, using Form 872–M, Consent to Extend the Time to Make Partnership Adjustments. On January 27, 2023, petitioner signed Form 872–M and on February 21, 2023, the IRS countersigned Form 872–M.

On April 16, 2024, the IRS issued a Notice of Proposed Partnership Adjustment (NOPPA) to the PR and petitioner. The PR on behalf of petitioner did not request to modify the imputed

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[1] Unless otherwise indicated, statutory references are to the Internal Revenue Code, Title 26 U.S.C. (I.R.C. or Code), in effect at all relevant times, regulation references are to the Code of Federal Regulations, Title 26 (Treas. Reg.), in effect at all relevant times, and Rule references are to the Tax Court Rules of Practice and Procedure.

underpayment.[2] On March 25, 2025, the IRS mailed the FPA to petitioner, addressed to the PR. On June 23, 2025, petitioner timely filed a Petition with this Court affirmatively alleging that respondent had not timely issued the FPA.

Discussion

I. *Summary Judgment Standard*

The purpose of summary judgment is to expedite litigation and avoid costly, time-consuming, and unnecessary trials. *Fla. Peach Corp. v. Commissioner*, 90 T.C. 678, 681 (1988). Under Rule 121(a), either party may move for summary judgment regarding all or any part of the legal issues in controversy. We may grant summary judgment only if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law. Rule 121(a)(2); *FPL Grp., Inc. & Subs. v. Commissioner*, 116 T.C. 73, 74–75 (2001); *Sundstrand Corp.*, 98 T.C. at 520. In deciding whether to grant summary judgment, we construe factual materials and inferences drawn from them in the light most favorable to the nonmovant. *Sundstrand Corp.*, 98 T.C. at 520. Neither party alleges any genuine dispute of material fact that prevents us from deciding whether the FPA is valid, and we find none.

II. *Legal Background*

To establish the defense of an expired limitations period, a taxpayer ordinarily must prove that it filed the statutory return and that the statutory limitations period has expired. *Robinson v. Commissioner*, 57 T.C. 735, 737 (1972). The parties do not dispute that petitioner's 2020 Form 1065 was filed timely. Thus, we need to determine whether the statutory limitations period expired before the issuance of the FPA.

Under the BBA audit procedures, three principal notices are issued: (1) the Notice of Administrative Proceeding (NAP), (2) the NOPPA, and (3) the FPA. I.R.C. § 6231(a). The NAP informs the BBA partnership that an administrative proceeding has commenced, I.R.C. § 6231(a)(1), while the NOPPA informs the BBA partnership of any proposed adjustments, I.R.C. § 6231(a)(2). In the FPA the Commissioner

[2] The 270-day period from the date the NOPPA was issued ended on January 11, 2025, which was a Saturday. Therefore, the deadline for filing a modification was January 13, 2025, the following Monday. *See* I.R.C. § 7503.

determines final partnership adjustments, and the partnership then has an opportunity for judicial review. I.R.C. §§ 6231(a)(3), 6234(a).

As applicable in this case the NOPPA must be issued within three years of the filing of the partnership return for the taxable year.[3] *See* I.R.C. §§ 6231(b)(1), 6235(a)(1). After the NOPPA and before any assessment, the partnership may submit a request to modify an imputed underpayment set forth in the NOPPA. I.R.C. § 6225(c); *see JM Assets, LP v. Commissioner*, 165 T.C. 1, 9 (2025). A partnership generally has 270 days from the date the Commissioner issues the NOPPA to submit a modification request to the Commissioner. I.R.C. § 6225(c)(7); *see JM Assets*, *LP*, 165 T.C. at 9. Unless a partnership consents to receive it earlier, the Commissioner may not issue an FPA earlier than 270 days after the date on which a corresponding NOPPA was mailed. I.R.C. § 6231(b)(2)(A).

Section 6235 sets forth the limitations period in which the Commissioner may make adjustments for a partnership's taxable year:

> Sec. 6235. Period of limitations on making adjustments
>
> (a) In general.—Except as otherwise provided in this section or section 905(c), no adjustment under this subchapter for any partnership taxable year may be made after the later of—
>
> (1) the date which is 3 years after the latest of—
>
> (A) the date on which the partnership return for such taxable year was filed,
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> (B) the return due date for the taxable year, or
>
> (C) the date on which the partnership filed an administrative adjustment request with respect to such year under section 6227, or
>
> (2) in the case of any modification of an imputed underpayment under section 6225(c), the date that is 270 days . . . after the date on which everything required to be submitted to the Secretary pursuant to such section is so submitted, or
>
> (3) in the case of any notice of a proposed partnership adjustment under section 6231(a)(2),

[3] Petitioner does not dispute that the IRS issued the NOPPA timely.

> the date that is 330 days . . . after the date of such notice.
>
> (b) Extension by agreement.—The period described in subsection (a) (including an extension period under this subsection) may be extended by an agreement entered into by the Secretary and the partnership before the expiration of such period.

Subsection (a) authorizes the Commissioner to make an adjustment any time before the end of the latest of the periods set forth in paragraphs (1), (2), and (3). *See JM Assets, LP*, 165 T.C. at 11. Under paragraph (3), once the Commissioner issues a timely NOPPA, he has at least 330 days within which to issue an FPA. This does not mean, however, that this 330-day period found in paragraph (3) eliminates or otherwise supersedes the periods set forth in paragraphs (1) and (2).

If a partnership seeks timely modification[4] of the imputed underpayment under section 6225(c), then the Commissioner may issue an FPA up to 270 days (plus the number of days of any extensions consented to by the Secretary) "after the date on which everything required to be submitted to the Secretary pursuant to such section is so submitted." I.R.C. § 6235(a)(2); *see also JM Assets, LP*, 165 T.C. at 11.

Furthermore, the limitations period under section 6235(a) can likewise be extended by agreement between the partnership and the Commissioner. *See* I.R.C. § 6235(b). Section 6235(b) acts to extend the deadlines found in subsection (a), which include the time in which the Secretary may make adjustments for any partnership taxable year which is limited to three years after the latest of the date on which the partnership return is filed, the return due date for the taxable year, or the date on which the partnership filed an administrative adjustment request with respect to that year under section 6227. *See* I.R.C. § 6235(a)(1).

III. *Whether the FPA Was Timely*

To determine whether the FPA was timely, we need to determine whether the FPA was issued within the limitations period for making adjustments pursuant to section 6235(a).

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[4] The period for submitting a modification is 270 days after the NOPPA is issued unless a request for an extension is granted. I.R.C. § 6225(c)(7); Treas. Reg. § 301.6225-2(c)(3)(i) and (ii).

Petitioner contends that section 6235(a) sets sequential deadlines for determining the BBA audit process which begins with paragraph (1) governing the deadlines for issuance of the NOPPA, paragraph (2) governing the issuance of the FPA after a modification request, and paragraph (3) governing the issuance of the FPA where no modification request is made. Moreover, petitioner argues that the extension agreement created by Form 872–M governs only the NOPPA; therefore, paragraph (3) of section 6235(a) is the appropriate paragraph here to measure the timeliness of the FPA.[5]

Respondent argues that the FPA was timely issued. Respondent contends under the plain text of section 6235(a) that the limitations period is that of the later date among paragraphs (1), (2), and (3). Respondent argues that section 6235(b) allows for an extension of the period provided under section 6235(a). Thus, since the parties signed Form 872–M, the extended limitations period date for section 6235(a)(1) was May 30, 2025, which is later than the date of March 12, 2025, provided for in section 6235(a)(3). We agree with respondent's reading of the Code.

"It is a fundamental canon of statutory construction that the words of a statute must be read in their context and with a view to their place in the overall statutory scheme." *Davis v. Mich. Dep't of Treasury*, 489 U.S. 803, 809 (1989). Petitioner ignores the plain text of section 6235(a), which provides that "no adjustment under this subchapter for any partnership taxable year may be made after the later of." Furthermore, the use of "or" between paragraphs (1) and (2), and paragraphs (2) and (3), supports our understanding that the paragraphs are read disjunctively and indicates that the reader must determine the "later of" deadline for which partnership adjustments may be made. Thus, the statutory text furnished by Congress, and our precedent, establish that subsection (a) allows the Commissioner to make adjustments any time before the latest of paragraphs (1), (2), and (3). *See Mammoth Cave Prop., LLC v. Commissioner*, No. 5401-24, 166 T.C., slip op. at 8 (Mar. 9, 2026); *JM Assets, LP*, 165 T.C. at 11.

On the other hand it is section 6231(b) which expressly governs (and refers the reader to section 6235) the time in which a NOPPA and

[5] In other words, petitioner contends—notwithstanding the fact that an extension was signed under section 6235(b)—respondent has only 330 days to issue an FPA from the date of issuance of his corresponding NOPPA under section 6235(a)(3). We do not find petitioner's reading of the Code to be accurate.

an FPA may be mailed. Petitioner reads section 6231 as establishing the limitations for mailing notices while section 6235(a) sets the deadline for making adjustments. We find that petitioner's argument seeks to make a distinction under the Code where one does not exist, since the issuance of a NOPPA, followed by an FPA, both intend to make an adjustment—with the first being "proposed" and the latter being "final."

Section 6231(b) provides:

> Sec. 6231(b). Timing of notices.
>
> (1) Notice of proposed partnership adjustment.—Any notice of a proposed partnership adjustment shall not be mailed later than the date determined under section 6235 (determined without regard to paragraphs (2) and (3) of subsection (a) thereof).
>
> (2) Notice of final partnership adjustment.—
>
> (A) In general.—Except to the extent that the partnership elects to waive the application of this subparagraph, any notice of a final partnership adjustment shall not be mailed earlier than 270 days after the date on which the notice of the proposed partnership adjustment is mailed.
>
> (B) Statute of limitations on adjustment.—For the period of limitations on making adjustments, see section 6235.

When considering the above, it is apparent that section 6231(b)(2) acts in conjunction with section 6235(a) and sets forth the requisite minimum timing in which an FPA may be issued. Section 6231(b)(2) subparagraph (A) establishes the 270-day modification period and subparagraph (B) refers to section 6235 for the timing on issuing the FPA.[6] Congress's use of the word "adjustment" is sufficiently broad as intending to include the process by which the Commissioner makes adjustments, namely first by a NOPPA, followed by an FPA. Accordingly, any agreed-upon extension under section 6235(b) would necessarily extend the limitations period for making adjustments, and

[6] We acknowledge that, when taken together, sections 6231(b)(2) and 6235(a)(3) create a window of at least 60 days within which the Commissioner may issue an FPA. *See JM Assets, LP*, 165 T.C. at 11 n.6. This note, however, should not be read to say that the Commissioner is precluded from issuing an FPA on day 331 or later, should the limitations period remain open.

any extension must be taken into consideration in determining the latest of the periods found in paragraphs (1), (2), and (3).

It is undisputed that the NOPPA was issued timely when mailed on April 16, 2024. *See* I.R.C. § 6231(b). The parties agreed to extend the limitations period for making adjustments until May 30, 2025, under section 6235(a)(1) by executing Form 872–M. *See* I.R.C. § 6235(b). We thus hold that the FPA, mailed on March 25, 2025, was issued timely pursuant to section 6235(a)(1). Accordingly, we will deny petitioner's Motion.

We have considered the arguments made by the parties, and, to the extent that they are not addressed herein, we find them to be moot, irrelevant, or without merit.

To reflect the foregoing,

An appropriate order will be issued.