

## Jonathan Brenner and Elizabeth Stevens Discuss Impact of Tax Reform on Partnerships and LLCs on Strafford Webinar

1:00 PM - 2:30 PM EDT

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Program: Amending LLC and Partnership Agreements to Address Tax Reform and the New IRS Audit Rules

Event Sponsor: Strafford Publications

### Description

New federal tax law and the centralized partnership audit regime started Jan. 1, 2018. These changes significantly impact partnerships and LLCs, requiring careful thought in drafting or modifying partnership and LLC operating agreements.

Tax reform law includes a new 21% tax rate for corporations, providing a tax advantage for large and mid-size companies. To provide tax benefits to partnerships and LLCs, the tax law includes a 20% qualified business income deduction. The deduction is allowed in order to reduce taxable income at the partner level.

Partnership and LLC operating agreements should reflect the deduction for purposes of determining partnership tax distributions since the deduction may impact the required distribution amount and enhance the cash flow of the partnership.

The new partnership tax audit rules transform partnership audits and the assessment and collection of tax, affecting all taxpayers conducting business through partnerships and LLCs. The IRS will no longer assess each partner's share of any tax due as a result of a partnership audit. Under the new audit rules, the partnership or LLC is liable for any imputed underpayment based on the adjustments made at the partnership level.

When an audit is finalized, the new audit rules may result in any partner of record bearing the cost of additional taxes owed by the partnership, instead of the partners of record, for the actual tax year under audit. Counsel must understand these audit rules to determine the best methods of amending partnership and LLC operating agreements to address issues such as former partner contributions to tax liability, push-out elections, selecting partnership representatives and other items presented by the partnership audit rules.

Listen as our panel discusses the impact of tax reform and the new IRS audit rules on partnerships and LLCs and essential items to consider in amending partnership and LLC operating agreements.

### Benefits

The panel will review these and other critical issues:

- What provisions of the new tax law affect existing partnership and LLC operating agreements?
- The qualified business tax deduction and addressing distribution in agreements
- The new IRS partnership audit rules and drafting or amending partnership and LLC operating agreements

- What are the top priority issues regarding a former partner's tax liability?

## **Attorneys**

Jonathan S. Brenner

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