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When a Misdirected Partnership Notice isn't Fatal under the BBA: Mammoth Cave Property

Tax Talks on **March 20, 2026**

Although many of the procedural rules for auditing partnerships at the federal level have changed under the Bipartisan Budget Act of 2015 (the "BBA"), some principles—like the effect of actual notice—remain the same. Under the BBA, the IRS proposes partnership-level adjustments in a Notice of Proposed Partnership Adjustment ("NOPPA") and later finalizes them in a Notice of Final Partnership Adjustment ("FPA"). If the IRS issues the FPA after the statute of limitations expires, the partnership can seek to invalidate it as untimely.

A reviewed Tax Court opinion filed March 9, 2026—*Mammoth Cave Property, LLC v. Commissioner*, No. 5401-24, 166 T.C. No. 4—shows the limits of "defective notice" arguments when the partnership actually received the NOPPA and participated in the process.

The central dispute

Mammoth Cave Property, LLC filed its 2018 return on September 16, 2019 and claimed a charitable contribution deduction related to a syndicated conservation easement. During the examination, it changed its partnership representative, revoking the appointment of MCJV as the partnership representative and designating a related entity, MCML, as the partnership representative, with Matthew Mills as the designated individual. The IRS confirmed the change effective April 2, 2021.

In January 2022, the partnership also submitted IRS Forms 8822-B by certified mail to the Ogden, Utah IRS Service Center, and requested that the forms be processed at the IRS's "earliest convenience." The forms changed the partnership's address from a Louisiana address ("Welsh") to a Missouri address ("Dexter"). The IRS did not process the address change until eight months later, on August 24, 2022—after the NOPPA went out—presumably due to pandemic-era backlogs.

The IRS mailed the NOPPA on July 11, 2022. One copy of the NOPPA was addressed to the *former* partnership representative (MCJV), not the current one (MCML), and it was sent to the older Welsh address. The IRS sent that NOPPA "to the attention of" Mr. Mills (the designated individual); provided, however, the partnership did not argue that it or its counsel failed to receive the NOPPA.

After receiving the NOPPA, the partnership requested more time to pursue a modification of the imputed underpayment and then submitted a modification request on June 6, 2023. The IRS ultimately issued the FPA on January 5, 2024 (to the Dexter address). The partnership petitioned the Tax Court and sought summary judgment, arguing the limitations period had expired because the NOPPA was not properly issued.

Why the partnership lost

The Tax Court held the FPA was issued timely under section 6235(a)(2). That provision extends the IRS's deadline "in the case of any modification of an imputed underpayment" under section 6225(c) to at least 270 days after the partnership submits everything required for the modification (plus any extension of the modification period). Because the partnership sought and submitted a modification, the statute gave the IRS additional time beyond the baseline three-year rule—and the January 5, 2024 FPA fit inside that extended window.

The Court also rejected the idea that the NOPPA's "wrong representative/wrong address" issues automatically killed the case. The Court emphasized two points:

- **The NOPPA reached the right designated individual.** Under the regulations, the designated individual is the person through whom an entity partnership representative acts. Mailing the NOPPA to Mr. Mills's attention meant it reached the person empowered to respond.
- **No prejudice.** The partnership received the notice, asked for an extension, filed modification paperwork, and later filed a timely petition after the FPA. The administrative process continued without interruption, which made it difficult to argue that the NOPPA defects resulted in prejudice to the taxpayer.

This decision is one of the first to address the IRS's notice procedures under the BBA. It is a reviewed opinion of the Tax Court, meaning the Court has determined that the case involves a sufficiently important legal issue and that the opinion may be cited as precedent. Further, the case is consistent with historical practice.

Case law has generally held the IRS to very low thresholds for notice in the partnership arena. As discussed in the *Mammoth* opinion, the prior partnership audit regime under TEFRA[1] only required that a Notice of Final Partnership Administrative Adjustment ("FPAA") give "minimal notice" of the proposed adjustments to the partnership.[2] Historically under TEFRA, a showing that the partnership received actual notice of the FPAA has defeated taxpayer challenges to defects in mailing.[3]

Takeaways for partnerships in BBA exams

- **Do not assume everyone at the IRS has the same, updated information.** Sending an address change via a Form 8822-B to the Service Center likely will not reach the exam team quickly; consider contemporaneous written notice to the revenue agent and make sure every later submission uses the new address. Specifically, in our recent experience, paper filings of any kind are not being processed by the IRS in a timely manner. Use alternative methods of filing where they are available and ensure you have adequate proof of mailing.
- **Know who can bind the partnership.** If the IRS reaches the designated individual who can act for the partnership representative, "wrong entity name" arguments may have limited traction.
- **Track how your filings affect the IRS's deadline.** Requests to modify the imputed underpayment can be valuable, but they can also extend the period in which an FPA may be issued.

The message from *Mammoth* is clear: if a partnership had actual notice and actively used the BBA process, courts may be unwilling to let technical defects in the issuance of a NOPPA turn into a statute-of-limitations escape hatch.

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[1] "TEFRA" refers to the Tax Equity and Fiscal Responsibility Act of 1982, Pub. L. No. 97-248, §§ 401–407, 96 Stat. 324, 648–71. The BBA audit regime went into effect on a mandatory basis for partnership returns filed for the 2018 tax year and subsequent years.

[2] *Clovis I v. Commissioner*, 88 T.C. 980, 982 (1987).

[3] *See Seneca, Ltd. v. Commissioner*, 92 T.C. 363, 367–68 (1989); *Chomp Assocs. v. Commissioner*, 91 T.C. 1069, 1074 (1988); *Dees v. Commissioner*, 148 T.C. 1, 8 (2017).

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