

Treasury and IRS announce intent to withdraw related-party basis adjustment rules

April 18, 2025

In brief

What happened?

The Treasury Department and the IRS issued [Notice 2025-23](#) (the Notice) on April 17, 2025, announcing their intention to remove the final regulations requiring disclosure of certain partnership related-party basis adjustments as Transactions of Interest (the RPBA TOI Regulations). The RPBA TOI Regulations, issued on January 14, 2025, identified certain partnership related-party basis adjustment transactions as Transactions of Interest, which must be disclosed to the IRS by participants and material advisors. In addition, the Notice waives penalties for failure to file disclosures pursuant to the RPBA TOI Regulations by participants and material advisors and withdraws Notice 2024-54, which described an intent to issue proposed regulations that would have limited the benefit of certain partnership related-party basis adjustment transactions. Taxpayers may rely on Notice 2025-23 until new regulations that will effect the announced change are issued and finalized.

Why is it relevant?

The Notice eliminates the need for taxpayers and their advisors to disclose covered transactions, many of which were common and routine, as Transactions of Interest. Because the RPBA TOI Regulations were finalized with retroactive effect back to 2019 for most taxpayers, the elimination of the disclosure obligation will significantly reduce administrative burden for many taxpayers.

Action to consider

Notice 2025-23 represents a welcome relief from significant burden for many taxpayers. However, the Treasury Department and the IRS might continue to focus audit activity on partnership transactions in which basis is

increased without commensurate gain recognition. Partnerships and their partners should consider the conclusions of Rev. Rul. 2024-14 (which asserted that certain of these transactions lack economic substance and which remains in effect) when undertaking future transactions.

See also

- [Guidance designated related party basis adjustment transaction](#) (March 2025)
- [Guidance addresses related-party basis shifting transactions](#) (June 2024)

Let's talk

For a deeper discussion of how the RPBA TOI Regulations and their removal might affect your business, please contact one of the PwC professionals listed below:

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