

# Sales or Exchanges of Certain Partnership Interests

## Cross References

- TD 10048, May 20, 2026
- IRC §751(a)
- Form 8308, *Report of a Sale or Exchange of Certain Partnership Interests*

The IRS has issued final regulations that allow partnerships to file Part IV of Form 8308 with a partnership's annual tax return and file the other three parts of Form 8308 by January 31. This procedure adopts, without change, the proposed regulations that were issued on August 19, 2025.

In general, partnerships are required to file Form 8308, *Report of a Sale or Exchange of Certain Partnership Interests*, with respect to each IRC section 751(a) exchange. IRC section 751(a) applies when unrealized receivables or inventory items are included in the sale or exchange of a partnership interest (partnership assets that produce ordinary gain rather than capital gain).

Each partnership that is required to file a Form 8308 must furnish it (or similar information on a statement) to the transferor and transferee. Form 8308 requires the following information.

- 1) The names, addresses, and taxpayer identification numbers of the transferee and transferor in the exchange and of the partnership filing the return,
- 2) The date of the exchange, and
- 3) Such other information as may be required by Form 8308 or its instructions.

In addition to being furnished to the transferor and transferee, Form 8308 must be attached to the partnership's Form 1065, *U.S. Return of Partnership Income*, for the partnership's tax year that includes the last day of the calendar year in which the IRC section 751(a) exchange took place.

Part IV of Form 8308 requires a partnership to report, among other items, the partnership's gain or loss from a deemed sale under IRC section 751 and the transferor partner's share of such amount.

On January 11, 2024, IRS Notice 2024-19 was published which provided limited relief for partnerships that failed to furnish a completed Part IV of Form 8308 by January 31, 2024, for IRC section 751(a) exchanges during calendar year 2023. Penalty relief was contingent on the partnership timely and correctly furnishing to the transferor and transferee a copy of Parts I, II, and III of Form 8308 by the January 31 deadline (or 30 days after the partnership was notified of the IRC section 751(a) exchange) and furnishing Part IV by the later of the Form 1065 due date (including extensions) or 30 days after the partnership was notified of the 751(a) exchange.

Under proposed regulations issued on August 19, 2025, the procedures described in Notice 2024-19 generally apply for all years. The final regulations make these procedures permanent. Instructions for Form 8308 and Form 1065 are being updated to include the following for when an IRC section 751(a) exchange occurs.

- 1) A partnership is required to furnish to the transferor and transferee the information reported in Parts I, II, and III of Form 8308 by the later of (1) January 31 of the year following the calendar year in which the IRC section 751(a) exchange occurred, or (2) 30 days after the partnership has received notice of the exchange,
- 2) The partnership must attach Form 8308, including information required to be reported in Part IV, to its Form 1065 by the due date of the return for the tax year of the partnership that includes the last day of the calendar year in which the IRC section 751(a) exchange took place, and
- 3) Information from Part IV of Form 8308 must be included in the partner's Schedule K-1 (Form 1065), *Partner's Share of Income, Deductions, Credits, etc.*, for the applicable year.