

New IRS Form 7217

A new form will be used beginning with 2024 income tax returns. Form 7217, Partner's Report of Property Distributed by a Partnership, shows the partner's basis in assets received from the partnership. In the past, this calculation was performed by the partner but was not required to be shown to IRS until questioned in an examination. Now, apparently, IRS wants to see the basis allocation as soon as the year the assets were received, instead of waiting until an examination.

Form 7217 is to be filed by any partner receiving a distribution of property from a partnership in a non-liquidating or liquidating distribution to report the basis of the distributed property.

The form does not generate income to be carried to the income tax return. It is an information return and provides IRS a checkpoint when there is tax due, such as line 7.

A separate Form 7217 is to be filed with the partner's return for each date during the tax year that the partner actually received distributed property. If the partner received distributed properties on different days during the tax year, even if part of the same transaction, a separate Form 7217 is to be filed for each date that the partner received the properties. The Form 7217 is not required if the distribution consisted only of money or marketable securities treated as money.

As of our press date, the form and instructions are only available as a draft. You can find them on irs.gov by typing "7217" in the SEARCH box. If this fails to produce the Form 7217, type "Draft Forms" in the SEARCH box and then 7217 in the next box.

This text has been shared courtesy of: David & Mary Mellem, EAs & Ashwaubenon Tax Professionals, 920-496-1065 (fax 920-496-9111).

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