

New IRS Requirements for Electronic Furnishing of Schedules K-1

On February 13, 2012, the Internal Revenue Service issued new requirements that a partnership must meet in order to provide its partners with Schedules K-1 exclusively in an electronic format (e.g., in a pdf attached to an email or downloadable through a web portal).

Notably, pursuant to these requirements, a partner must first provide affirmative consent to receive its Schedules K-1 exclusively in an electronic format. In addition, the IRS now requires that a partnership provide its partners with a set of specific disclosures prior to or in the statement requesting the partners' consent. The consent must also demonstrate that the partners are able to access the Schedules K-1 in the electronic format in which the partnership will deliver the schedules. The IRS has described specific methods that a partnership may use to obtain a partner's consent. Note that a partnership obtains consents individually from each partner and, consequently, absent consents from all partners, may provide Schedules K-1 exclusively in electronic format to some but not all partners.

Partnerships that deliver Schedules K-1 exclusively in an electronic format and fail to comply with the new requirements may be deemed to have failed to provide their partners with Schedules K-1 and could be subject to penalties.

Partnerships that previously received consents from partners to provide Schedules K-1 exclusively by electronic means should review such consents to determine whether the prior consents conform to these new requirements or whether new consents are needed. In addition, partnerships may wish to incorporate the consent procedures into their subscription process. Please note that a Schedule K-1, whether provided electronically or on paper, must also meet all other IRS requirements applicable to the content and delivery of such statements.

For more information, please contact a member of Ropes & Gray's [tax practice group](#) or your regular Ropes & Gray attorney.

IRS Circular 230 Notice

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