

# Request for Section 754 Revocation

Go to [www.irs.gov/Form15254](http://www.irs.gov/Form15254) for instructions and the latest information.

Name of partnership

Employer identification number

Principal business activity code number *(see instructions)*

Number, street, and room or suite no. If a P.O. box, see the instructions.

City or town, state or province, country, and ZIP or foreign postal code

Tax year end section 754 election was made *(MM/DD/YYYY)*

Revocation tax year begins *(MM/DD/YYYY)*

Name of contact person *(see instructions)*

Contact person's telephone number

If Form 2848, Power of Attorney and Declaration of Representative, is attached *(see instructions for when Form 2848 is required)*, check this box

**Caution:** In order to prevent delays in processing this request, the partnership must provide all information required by Form 15254. Include any documentation in support of the request even if not specifically requested by Form 15254 and its instructions.

### Part I - Information for All Requests

- 1. Has the partnership previously revoked a section 754 election? See instructions  Yes  No
- 2. Does the section 754 election result in or is it expected to result in a substantial administrative burden to the partnership . . . . .  Yes  No
  - a. Has the nature of the partnership's business changed, or is it expected to change . . . . .  Yes  No
  - b. Has there been a substantial increase in the assets of the partnership or a change in the character of partnership assets . . . . .  Yes  No
  - c. Has there been, or is there expected to be, an increased frequency of retirements or shifts of partnership interests . . . . .  Yes  No
- 3. Will the revocation of the section 754 election result in an avoidance of a reduction in the basis of partnership assets under section 734(b) or section 743(b)? If yes, provide documentation of the amount. See instructions. . . . .  Yes  No

### Part II - Reason for the Request

In the space provided below, tell us why the partnership is filing this revocation request. Attach additional statements if needed. Attach supporting documents. See instructions.

**Sign Here**  
Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, the form contains all the relevant facts relating to the request, and it is true, correct, and complete. Declaration of preparer *(other than partner or limited liability member)* is based on all information of which preparer has any knowledge.

|   |                          |
|---|--------------------------|
| Signature<br><small>Type or print name below signature.</small> | Date<br>Telephone number |
|---|--------------------------|

### Paid Preparer Use Only

|                            |                      |      |   |      |
|----------------------------|----------------------|------|---|------|
| Print/Type preparer's name | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed | PTIN |
| Firm's name                |                      |      | Firm's EIN                                      |      |
| Firm's address             |                      |      | Phone no.                                       |      |

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# Instructions for Form 15254, Request for Section 754 Revocation

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

### Future Developments

For the latest information about developments related to Form 15254 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/form15254](http://www.irs.gov/form15254).

### Purpose of Form

File Form 15254 to request a section 754 election revocation.

Examples of situations which may be considered sufficient reason for approving an application for revocation include a change in the nature of the partnership business, a substantial increase in the assets of the partnership, a change in the character of partnership assets, or an increased frequency of retirements or shifts of partnership interests, so that an increased administrative burden would result to the partnership from the election. However, no application for revocation of a section 754 election shall be approved when the purpose of the revocation is primarily to avoid stepping down the basis of partnership assets upon a transfer or distribution. See Regulations section 1.754-1(c).

### Section 754 Election

Under section 754, a partnership may elect to adjust the basis of partnership property when property is distributed or when a partnership interest is transferred. Once an election is made under section 754, it applies to all distributions and to all transfers made during the tax year and in all subsequent years unless the election is revoked.

If there is a distribution of property, see section 734(b) and the related regulations.

If there is a transfer of a partnership interest, see section 743(b) and the related regulations. If the basis of partnership property has been adjusted for a transferee partner under section 743(b), the partnership must adjust the transferee's distributive share of the items of partnership income, deduction, gain, or loss in accordance with Regulations section 1.743-1(j)(3) and (4).

### Section 743(b) Substantial Built-in Losses

Regardless of whether a section 754 election is in place, the partnership must adjust the basis in property having a substantial built-in loss immediately after a transfer of a partnership interest. A partnership has a substantial built-in loss with respect to a transfer of an interest in the partnership if -

- the partnership's adjusted basis in partnership property exceeds by more than \$250,000 the fair market value of such property, or
- the transferee partner would be allocated a loss of more than \$250,000 if the partnership assets were sold for cash equal to their fair market value immediately after such transfer.

See sections 743(b) and (d).

### Section 734(b) Substantial Basis Reductions

In the case of partnership distributions, the partnership must reduce the basis of its assets under section 734(b) if the sum of (i) the amount of a distributee partner's loss on the distribution and (ii) the basis increase in the distributed properties with

respect to the distributee partner is more than \$250,000. See sections 734(b) and (d)(1).

### Who Must File

Generally, the partnership must file a separate Form 15254 for each partnership seeking consent to revoke its section 754 election.

### When to File

An application to revoke a section 754 election must be filed no later than 30 days after the close of the partnership taxable year with respect to which revocation is intended to take effect. See Regulations section 1.754-1(c)(1).

### Where to File

To revoke a section 754 election, the partnership must file the revocation Form 15254 request at following address:

Department of the Treasury  
Internal Revenue Service Center  
Ogden, UT 84201-0011

The partnership will receive a letter either approving or denying the request.

## Specific Instructions

### Name(s) and Signature(s)

Enter the name of the partnership on the first line of page 1 of Form 15254.

In general, Form 15254 is filed by the partnership. Form 15254 must be signed by any one of the partners or limited liability company members. Enter that person's name and official title in the space provided.

### Employer Identification Number

Enter the partnership's employer identification number on the second line of Form 15254.

### Principal Business Activity Code

Enter the 6-digit principal business activity (PBA) code of the partnership. The principal business activity of the partnership is the activity generating the largest percentage of its total receipts. See the Form 1065 instructions for the partnership's PBA code and definition of total receipts.

### Address

Include the suite, room, or other unit number after the street address. If the post office does not deliver mail to the street address and the filer has a P.O. box, show the box number instead of the street address.

If the partnership receives its mail in care of a third party (such as an accountant or an attorney), enter "C/O" on the street address line, followed by the third party's name and street address or P.O. box.

If the partnership's address is outside the United States or its possessions or territories, enter the information on the line for "City or town, state or province, country, and ZIP or foreign country code". Follow the foreign country's practice in placing the postal code in the address. Do not abbreviate the country name.



If the partnership changes its mailing address or the responsible party after filing its return, it can notify the IRS by filing Form 8822-B, *Change of Address or Responsible Party—Business*.

## Tax Year End Section 754 Election Was Made

The year the section 754 election was made is the last day of the tax year for which the election was attached to the return for that year.

**Example.** A calendar year taxpayer attached the section 754 election to its Form 1065 filed for the tax year ending December 31, 2013. The year the section 754 election was made is 2013 or December 31, 2013.

## Revocation Tax Year Begins

The revocation tax year begins on the first day of the tax year the partnership requests the revocation of its section 754 election to take effect.

**Example.** A calendar year taxpayer filed a section 754 election for the tax year ending December 31, 2011 and applied the provisions of section 734(b) and 743(b) from 2011 to 2017. The revocation request was filed within 30 days after the close of the December 31, 2018 tax year. The revocation tax year is calendar year 2018 or January 1, 2018.

## Contact Person

### Any Partner or LLC Member

The contact person must be a partner or LLC member authorized to sign Form 15254, or the filer's authorized representative. If this person is someone other than the partner or LLC member authorized to sign Form 15254, you must attach Form 2848, *Power of Attorney and Declaration of Representative*. When the Form 1065 return is made for a partnership by a receiver, trustee, or assignee, the fiduciary must sign the Form 15254, instead of the partner or LLC member. Returns and forms signed by a receiver or trustee in bankruptcy on behalf of a partnership must be accompanied by a copy of the order or instructions of the court authorizing signing the return or form.

## Form 2848, Power of Attorney and Declaration of Representative

Authorization to (1) represent the filer before the IRS, (2) receive a copy of the decision letter, or (3) perform any other act(s) must be properly reflected on Form 2848. For further details for an authorized representative and a power of attorney, see sections 9.03(8) and (9) of Rev. Proc. 2020-1 or successor revenue procedure.

A Form 2848 must be attached to Form 15254 in order for the IRS to discuss a Form 15254 with the filer's representative, even if the filer's representative prepared and/or signed the Form 15254.



If the partnership intends to have the authorized representative receive copies of correspondence regarding its Form 15254, it must check the appropriate box on Form 2848.

## Option to Receive Correspondence by Fax

A partnership that wants to receive, or wants its authorized representative to receive, correspondence regarding its Form 15254 (for example, additional information letters) by fax must attach to Form 15254 a statement requesting this service. The attachment also must list the authorized name(s) and fax number(s) of the person(s) who is to receive the fax. The listed person(s) must be either authorized to sign Form 15254 or an authorized representative of the filer that is included on Form 2848. For further details on fax procedures, see section 9.04(3) of Rev. Proc. 2020-1, or successor revenue procedure.

## Paid Preparer's Information

If a partner, member, or employee of the partnership completes Form 15254, the paid preparer's space should remain blank. In addition, anyone who prepares Form 15254 but doesn't charge the partnership should not complete this section.

Generally, anyone who is paid to prepare Form 15254 must do the following.

- Sign the form in the space provided for the preparer's signature.
- Fill in the other blanks in the "Paid Preparer Use Only" area of the form. A paid preparer cannot use a social security number in the "Paid Preparer Use Only" box. The paid preparer must use a preparer tax identification number (PTIN).
- Give the partnership a copy of the form in addition to the copy to be filed with the IRS.



A paid preparer may sign original or amended returns by rubber stamp, mechanical device, or computer software program.

## Part I—Information for All Requests

**Line 1.** Answer "Yes" if the partnership revoked or requested permission to revoke a section 754 election in the past. Provide the effective date of any such revocation in Part II—Reason for the Request of this form.

**Line 2.** Answer "Yes" if the section 754 election resulted in or is expected to result in a substantial administrative burden to the partnership. Provide an explanation in Part II—Reason for the Request of this form.

**Line 2a.** Answer "Yes" if the nature of the partnership's business has changed or is expected to change. Provide an explanation in Part II—Reason for the Request of this form.

**Line 2b.** Answer "Yes" if there has been a substantial increase in the assets of the partnership or a change in the character of partnership assets. Provide an explanation in Part II—Reason for the Request of this form.

**Line 2c.** Answer "Yes" if there has been, or there is expected to be, an increased frequency of retirements or shifts of partnership assets. Provide an explanation in Part II—Reason for the Request of this form.

**Line 3.** Answer "Yes" if the revocation is expected to result in an avoidance of a reduction in the basis of partnership assets under section 734(b) or section 743(b).

**Part II—Reason for the Request**

Provide the rationale for requesting revocation of the section 754 election in the space provided on the form and/or in attachments. If you answered "Yes" to any of the questions in lines 2 or 3, provide details on the nature of the changes and the circumstances leading to the changes. Supporting documents include but are not limited to: the background, nature and structure of the business entity; a copy of the original section 754 election; a copy of a prior request for revocation of a prior section 754 election, including any correspondence with the Internal Revenue Service, section 734(b) and/or section 743(b) calculations which apply to the revocation tax year if the revocation were denied; partner Schedule(s) K-1 showing how the section 734(b) and/or section 743(b) adjustments were allocated to the partner(s); depreciation and/or amortization schedules; and valuation(s).

**Approval or Denial of Revocation Request**

The Internal Revenue Service will notify the partnership of the revocation's receipt for processing by contacting the partnership at the address listed on Form 15254 whether its request for permission to revoke its section 754 election is approved or denied.

**Paperwork Reduction Act Notice**

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained if their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is

- Recordkeeping . . . . . 3 hrs., 16 min.
- Learning about the law or the form . . . . . 0 hrs., 34 min.
- Preparing and sending the form to the IRS . . . . . 1 hr., 15 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Forms and Publications, SE:W:CAR:MP:TFP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the form to this address. Instead, see Where To File above.

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