

§ 1.6664-4T

to claim a charitable contribution deduction for the property without obtaining a qualified appraisal. The rules of this paragraph (h) apply in addition to the generally applicable rules concerning reasonable cause and good faith.

[T.D. 8381, 56 FR 67508, Dec. 31, 1991; T.D. 8381, 57 FR 6166, Feb. 20, 1992, as amended by T.D. 8617, 60 FR 45666, Sept. 1, 1995; T.D. 8790, 63 FR 66435, Dec. 2, 1998; T.D. 9109, 68 FR 75128, Dec. 30, 2003]

§ 1.6664-4T Reasonable cause and good faith exception to section 6662 penalties.

(a)-(e) [Reserved]

(f) *Transactions between persons described in section 482 and net section 482 transfer price adjustments.* For purposes of applying the reasonable cause and good faith exception of section 6664(c) to net section 482 adjustments, the rules of § 1.6662-6(d) apply. A taxpayer that does not satisfy the rules of § 1.6662-6(d) for a net section 482 adjustment cannot satisfy the reasonable cause and good faith exception under section 6664(c). The rules of this section apply to underpayments subject to the transactional penalty in § 1.6662-6(b). If the standards of the net section 482 penalty exclusion provisions under § 1.6662-6(d) are met with respect to such underpayments, then the taxpayer will be considered to have acted with reasonable cause and good faith for purposes of this section.

[T.D. 8656, 61 FR 4885, Feb. 9, 1996]

§ 1.6694-0 Table of contents.

This section lists the captions that appear in §§ 1.6694-1 through 1.6694-4.

§ 1.6694-1 Section 6694 penalties applicable to income tax return preparer.

- (a) Overview.
- (b) Income tax return preparer.
 - (1) In general.
 - (2) Signing and nonsigning preparers.
 - (3) Example.
- (c) Understatement of liability.
- (d) Abatement of penalty where taxpayer's liability not understated.
- (e) Verification of information furnished by taxpayer.
 - (1) In general.
 - (2) Example.
 - (f) Effective date.

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§ 1.6694-2 Penalty for understatement due to an unrealistic position.

- (a) In general.
 - (1) Proscribed conduct.
 - (2) Special rule for employers and partnerships.
- (b) Realistic possibility of being sustained on its merits.
 - (1) In general.
 - (2) Authorities.
 - (3) Examples.
 - (4) Written determinations.
 - (5) When "realistic possibility" determined.
 - (i) Signing preparers.
 - (ii) Nonsigning preparers.
- (c) Exception for adequate disclosure of nonfrivolous positions.
 - (1) In general.
 - (2) Frivolous.
 - (3) Adequate disclosure.
 - (i) Signing preparers.
 - (ii) Nonsigning preparers.
 - (A) Advice to taxpayers.
 - (B) Advice to another preparer.
 - (d) Exception for reasonable cause and good faith.
 - (1) Nature of the error causing the understatement.
 - (2) Frequency of errors.
 - (3) Materiality of errors.
 - (4) Preparer's normal office practice.
 - (5) Reliance on advice of another preparer.
 - (e) Burden of proof.

§ 1.6694-3 Penalty for understatement due to willful, reckless, or intentional conduct.

- (a) In general.
 - (1) Proscribed conduct.
 - (2) Special rule for employers and partnerships.
- (b) Willful attempt to understate liability.
- (c) Reckless or intentional disregard.
- (d) Examples.
- (e) Adequate disclosure.
 - (1) Signing preparers.
 - (2) Nonsigning preparers.
- (i) Advice to taxpayers.
- (ii) Advice to another preparer.
- (f) Rules or regulations.
- (g) Section 6694(b) penalty reduced by section 6694(a) penalty.
- (h) Burden of proof.

§ 1.6694-4 Extension of period of collection where preparer pays 15 percent of a penalty for understatement of taxpayer's liability and certain other procedural matters.

- (a) In general.
- (b) Preparer must bring suit in district court to determine liability for penalty.
- (c) Suspension of running of period of limitations on collection.
- (d) Effective date.

[T.D. 8382, 56 FR 67514, Dec. 31, 1991]