interests held in connection with the performance of services for tax returns, filed after Dec. 31...

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The Internal Revenue Service has posted detailed reporting directions for certain passthrough entities and taxpayers reporting of partnership interests held in connection with the performance of services, often referred to as "carried interests", in the form of frequently asked questions (FAQs).

The FAQs contain sample worksheets that certain passthrough entities and taxpayers may be required to use in reporting "carried interests," partnership interests held in connection with the performance of services for tax returns, filed after Dec. 31, 2021 in which a passthrough entity applies the final regulations.

In addition, the FAQs contain additional instructions for certain passthrough

as a long-term capital gain.

The purpose of the FAQs is to provide guidance relating to both Passthrough Entity filing and reporting requirements and Owner Taxpayer filing requirements in accordance with Department of the Treasury regulations revised in TD 9945 (.pdf).

This updated reporting guidance will also be added to the next revision of Publication 541-Partnerships, which will be released in 2022.