



TaxNewsFlash

United States



No. 2019-220
May 7, 2019

Proposed regulations: Tax withholding, information reporting concerning partnerships with foreign partners (text of regulations)

The U.S. Treasury Department and IRS today released for publication in the Federal Register proposed regulations (REG-105476-18) concerning tax withholding and information reporting with respect to certain dispositions of interests in partnerships engaged in the conduct of a trade or business within the United States.

The [proposed regulations](#) [PDF 409 KB] reflect measures enacted by the 2017 tax law (Pub. L. No. 115-97, that is often referred to as the “Tax Cuts and Jobs Act”) and affect certain foreign persons that recognize gain or loss from the sale or exchange of an interest in a partnership that is engaged in the conduct of a trade or business within the United States, and persons that acquire those interests.

The proposed regulations also affect partnerships that, directly or indirectly, have foreign persons as partners.

In brief, these proposed regulations (according to the preamble):

- Provide rules for withholding, reporting, and paying tax under section 1446(f) upon the sale, exchange, or other disposition of an interest in a partnership described in section 864(c)(8) and Prop. Reg. section 1.864(c)(8)-1
- When finalized, would adopt many of the rules that were described in Notice 2018-29, with certain modifications provided in response to comments
- Provide reporting rules relating to section 864(c)(8) and rules implementing withholding under section 1446(f)(4)
- Contain rules clarifying the reporting rules applicable to transfers of partnership interests subject to section 6050K

- Provide rules implementing withholding by brokers on transfers of certain interests in publicly traded partnerships subject to section 1446(f)(1), and make related changes to the reporting rules and procedures for adjusting withholding under sections 1461, 1463, and 1464
- Make changes to the rules regarding withholding on distributions by publicly traded partnerships under Reg. section 1.1446-4, including the rules that apply to qualified notices and nominees
- Provide rules coordinating withholding under section 1446(f) with other withholding regimes to prevent over-withholding of tax

The proposed regulations are scheduled to appear in the Federal Register on May 13, 2019. Comments and requests for a public hearing are due 60 days after May 13, 2019.

The purpose of this report is to provide text of these proposed regulations. Initial impressions about these proposed regulations will be provided in a future edition of *TaxNewsFlash*.

The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to be applied to any specific reader's particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at + 1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)