



# TaxNewsFlash

United States



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## Notice 2021-51: Revised applicability date, withholding and reporting regarding publicly traded partnership interests

The IRS today released an advance version of [Notice 2021-51](#) [PDF 82 KB] announcing an intention to amend the regulations under sections 1446(a) and 1446(f) to defer the applicability date to January 1, 2023 (from January 1, 2022) for certain provisions in the regulations relating to:

- Withholding and reporting under section 1446(f) on transfers of interests in publicly traded partnerships (PTPs)
- Withholding under section 1446(a) on distributions made with respect to PTP interests
- Withholding under section 1446(f)(4) by partnerships on distributions to transferees

### Background

Sections 864(c)(8) and 1446(f) were added to the Code by the 2017 tax law (Pub. L. No. 115-97)—the law that is often referred to as the “Tax Cuts and Jobs Act” (TCJA).

- Section 864(c)(8) provides rules for determining the amount of gain or loss that is treated as effectively connected with a U.S. trade or business when a non-U.S. person sells an interest in a partnership that is engaged in a trade or business in the United States.
- Section 1446(f) provides withholding and reporting rules applicable to the transfer of partnership interests described in section 864(c).

Final regulations promulgated in November 2020 concern the withholding and reporting obligations with respect to dispositions of certain partnership interests under section 1446 and other Code sections. Read [TaxNewsFlash](#)

### Notice 2021-51

Following the 2020 final regulations, Treasury and the IRS received comments that taxpayers faced significant challenges complying with certain provisions of the final regulations by January 1, 2022. Accordingly, there were requests for a deferred applicability date, and Notice 2021-51 announces that Treasury and the IRS intend to amend:

- Certain applicability dates of the final regulations—primarily the applicability date in Reg. section 1.1446(f)-4(f)—to provide that the provisions relating to withholding and reporting on transfers of PTP interests under section 1446(f)(1) apply to transfers that occur on or after January 1, 2023
- The applicability date of the modifications to Reg. section 1.1446-4 (listed in Reg. section 1.1446-7) to apply to distributions with respect to PTP interests made on or after January 1, 2023
- The applicability date in Reg. section 1.1446(f)-3(f) so that the provisions of the final regulations requiring partnerships to withhold under section 1446(f)(4) would apply to transfers that occur on or after January 1, 2023

Today's notice provides that taxpayers may rely on the provisions of Notice 2021-51 regarding the modified applicability dates in advance of the amendments to the regulations.

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