

Report on recent US international tax developments - 10 May 2019

NEW! EY Tax News Update: Global Edition

EY's new Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access more information about the tool and registration [here](#).

Also available is our [EY Global Tax Alert Library](#) on ey.com.

The United States (US) Internal Revenue Service (IRS) on 7 May released proposed regulations under new Internal Revenue Code¹ Section 1446(f) on withholding for non-publicly traded partnerships. Section 1446(f), enacted by the *Tax Cuts and Jobs Act*, provides rules for withholding on the transfer of a partnership interest described in Section 864(c)(8). Section 1446(f) generally provides that if a portion of the gain (if any) on any disposition of an interest in a partnership would be treated under Section 864(c)(8) as effectively connected with the conduct of a US trade or business, the transferee is required to deduct and withhold a tax of 10% of the amount realized on the disposition.

The proposed regulations 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 proposed Reg. Section 1.864(c)(8)-1. The proposed regulations contain many of the rules described in Notice 2018-29, with a number of modifications (several of which are taxpayer-favorable) made in response to public comments on the Notice.

The proposed regulations also contain reporting provisions relating to Section 864(c)(8), provisions implementing withholding under Section 1446(f)(4), and provisions clarifying the reporting rules applicable to transfers of partnership interests subject to Section 6050K. In addition, the proposed regulations include rules to implement withholding by brokers on transfers of certain interests in publicly traded partnerships subject to Section 1446(f)(1),

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2019 EYGM Limited.
All Rights Reserved.

EYG no. 002276-19Gbl

1508-1600216 NY
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com