

# IRS Reminds Taxpayers of New Withholding and Reporting Requirements for Transfers of Partnership Interests

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The US Internal Revenue Service (IRS) has reminded taxpayers that certain provisions of the final regulations relating to the withholding and reporting required under section 1446(f) of the Internal Revenue Code (IRC) on transfers of interests in certain partnership interests (T.D. 9926), apply to transfers on or after 1 January 2023. The IRS highlighted this change in a [publication guidance](#) for withholding of tax on non-resident aliens and foreign entities, issued on 31 January 2023.

According to the guidance, while section 1446(f) withholding generally applies to transfers occurring on or after 1 January 2018, the following apply to transfers on or after 1 January 2023, including:

- requirements for withholding on transfers of interests in publicly traded partnerships (PTPs) under IRC section 1446(f)(1);
- certain changes to the withholding requirements under Treasury Regulations section 1.1446-4 for PTP distributions, which include an allowance for Qualified Intermediaries and US branches to act as withholding agents for the distributions; and
- partnership withholding under section IRC 1446(f)(4) on distributions to transferees of non-PTP interests that failed to properly withhold under IRC section 1446(f)(1).

For more information on T.D. 9926, see [Treasury Issues Correction to Final Regulations on Dispositions of Interests in Partnerships Engaged in US Trade or Business \(9 Mar. 2021\)](#) and [IRS Announces 1-Year Delay of Withholding on Transfer of Certain Partnership Interests \(25 Aug. 2021\)](#).