



[4830-01-p]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9815]

RIN 1545-BM33

Dividend Equivalents From Sources Within the United States; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations and temporary regulations; Correcting amendments.

SUMMARY: This document contains corrections to final and temporary regulations (TD TD 9815), which were published in the **Federal Register** on Tuesday, January 24, 2017.

DATES: Effective Date: These corrections are effective [**INSERT DATE OF PUBLICATION IN FEDERAL REGISTER**].

Applicability Date: The corrections to §§1.1.871-15, 1.871-15T, 1.1441-1(e)(5)(v)(B)(4), (e)(6), and (f)(5), 1.1441-2, 1.1441-7, and 1.1461-1 are applicable on January 19, 2017.

FOR FURTHER INFORMATION CONTACT: D. Peter Merkel or Karen Walny at 202-317-6938 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

**Background**

The final and temporary regulations that are the subject of these corrections are §§1.871-15, 1.871-15T, 1.1441-1, 1.1441-2, 1.1441-7, and 1.1461-1, promulgated

under sections 871(m) and 7805 of the Internal Revenue Code. These regulations affect foreign persons that hold certain financial products providing for payments that are contingent upon or determined by reference to U.S. source dividends, as well withholding agents with respect to dividend equivalents and certain other parties to section 871(m) transactions and their agents.

### **Need for Correction**

As published, TD 9815 contains errors that may prove to be misleading and are in need of clarification.

### **List of Subjects in 26 CFR Part 1**

Income taxes, Reporting and recordkeeping requirements.

### **Correction of Publication**

Accordingly, 26 CFR part 1 is corrected by making the following correcting amendments:

### **PART 1 - INCOME TAXES**

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 \* \* \*

### **§ 1.871-15 [Amended]**

Par. 2. Section 1.871-15 is amended by:

1. Removing paragraph (r)(2).
2. Redesignating paragraphs (r)(3), (4), and (5), as (r)(2), (3), and (4), respectively.

### **§ 1.871-15 [Amended]**

Par. 3. For each section listed in the table, remove the language in the “Remove” column and add in its place the language in the “Add” column as set forth below:

Section	Remove	Add
§ 1.871-15(a)(14)(ii)(B)	ELI.More	ELI. More
§ 1.871-15(l)(1), second sentence	described in this paragraph (l)	described in this paragraph (l)(1)
§ 1.871-15(q)(1)	qualified intermediary agreement	qualified intermediary withholding agreement
§ 1.871-15(q)(4)	ordinary	ordinarily
§ 1.871-15(q)(5), Example (3), paragraph (ii)	country that provides withholding	country with a treaty that provides withholding
§ 1.871-15(q)(5), Example (3), paragraph (ii)	paid by qualified derivatives dealer	paid by the qualified derivatives dealer
§ 1.871-15(r)(1)	September 18, 2015	January 19, 2017

**§ 1.871-15T [Amended]**

Par. 4. Section 1.871-15T is amended by redesignating paragraph (r)(5) as (r)(4).

**§ 1.871-15T [Amended]**

Par. 5. For each section listed in the table, remove the language in the “Remove” column and add in its place the language in the “Add” column as set forth below:

Section	Remove	Add
§ 1.871-15T(p)(5)	<u>Example 1.</u>	<u>Example.</u>
§ 1.871-15T(q) through (r)(4) [Reserved].	(q) through (r)(4) [Reserved]. For further guidance, see §1.871-15(r)(1) through (4).	(q) through (r)(3) [Reserved]. For further guidance, see §1.871-15(q) through (r)(3).
§ 1.871-15T(r)(4) newly redesignated	after on January	after January

**§ 1.1441-1 [Amended]**

Par. 6. For each section listed in the table, remove the language in the “Remove” column and add in its place the language in the “Add” column as set forth below:

Section	Remove	Add
§1.1441-1(e)(5)(v)(B)(4)(iv)	U.S. income tax	U.S. federal income tax
§1.1441-1(e)(6)(i)(B)	and other withholding provisions	and other provisions
§1.1441-1(e)(6)(i)(C)	underlying securities (including	underlying securities as defined in §1.871-15(a)(15) (including
§1.1441-1(e)(6)(i)(C)	received in the equity	received in its equity
§1.1441-1(e)(6)(i)(D)(3)	U.S. tax return	U.S. federal tax return
§1.1441-1(e)(6)(i)(F)	QDD	qualified derivatives dealer
§1.1441-1(e)(6)(ii)(B) introductory text	organized, or operates	organized or operates
§1.1441-1(e)(6)(ii)(B)(2)	pursuant to	with respect to
§1.1441-1(f)(5)	Paragraphs (e)(5)(ii)(D)	Paragraphs (e)(5)(ii)(C)

Par. 7. Section 1.1441-2 is amended by removing the last two sentences of paragraph (f)(1) and adding a sentence at the end of the paragraph to read as follows:

§1.1441-2 Amounts subject to withholding.

\* \* \* \* \*

(f) \* \* \*

(1) \* \* \* Paragraph (e)(7) of this section applies on or after January 19, 2017.

\* \* \* \* \*

§1.1441-2 [Amended]

Par. 8. For each section listed in the table, remove the language in the “Remove” column and add in its place the language in the “Add” column as set forth below:

Section	Remove	Add
§1.1441-2(e)(7)(ii)(A)	§1.871-15(i)(3),	§1.871-15(i)(3)(i),
§1.1441-2(e)(7)(iv)	type (securities	type (for example, securities
§1.1441-2(e)(7)(v)	the types of section 871(m) transaction	the type of section 871(m) transaction
§1.1441-2(e)(7)(v)	certifying that has notified	certifying that it has notified

**§ 1.1441-7 [Amended]**

Par. 9. Section 1.1441-7 is amended by removing the second sentence of paragraph (a)(4).

§1.1441-7 [Amended]

Par. 10. For each section listed in the table, remove the language in the “Remove” column and add in its place the language in the “Add” column as set forth below:

Section	Remove	Add
§1.1441-7(a)(3), Example 9	not required withhold	not required to withhold
§1.1441-7(a)(4)	<u>Example 8</u> and	<u>Example 7</u> , <u>Example 8</u> , and
§1.1441-7(a)(4)	apply to payments made on or after January 19	apply beginning January 19

Par. 11. Section 1.1461-1 is amended by revising paragraph (c)(2)(iii) to read as follows:

**§1.1461-1 Payment and returns of tax withheld.**

\* \* \* \* \*

(c) \*\*\*

(2)\*\*\*

(iii) *Applicability date.* Paragraph (c)(2) of this section applies beginning January 19, 2017.

\* \* \* \* \*

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[FR Doc. 2017-22830 Filed: 10/25/2017 8:45 am; Publication Date: 10/26/2017]