



DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9926]

RIN 1545-BO60

Title: Withholding of Tax and Information Reporting With Respect to Interests in Partnerships Engaged in a U.S. Trade or Business; Correcting Amendment

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendment.

SUMMARY: This document contains a correction to final regulations (Treasury Decision 9926) that were published in the **Federal Register** on Monday, November 30, 2020. The final regulations provide guidance related to the withholding of tax and information reporting with respect to certain dispositions of interests in partnerships engaged in a trade or business within the United States.

DATES: This correction is effective on **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]** and applies to partnership taxable years beginning on or after November 30, 2020. See § 1.1446-7.

FOR FURTHER INFORMATION CONTACT: Chadwick Rowland or Ronald M. Gootzeit (202) 317-6937 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

The final regulations (TD 9926) that are the subject of this correction are issued under section 1446 of the Code.

Need for Correction

As published, November 30, 2020 (85 FR 76910), the final regulations (TD 9926) contain an error that needs to be corrected.

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 * * *

Par. 2. Amend § 1.1446-4, by revising the last seven sentences of paragraph (f)(1)."

§ 1.1446-4 Publicly traded partnerships.

(f)*** (1) *** LTP makes a distribution subject to section 1446 of \$100 to UTP during its taxable year beginning January 1, 2020, and withholds 37 percent (the highest rate in section 1) (\$37) of that distribution under section 1446. UTP receives a net distribution of \$63 which it immediately redistributes to its partners. UTP has a liability to pay 37 percent of the total actual and deemed distribution it makes to its foreign partners as a section 1446 withholding tax. UTP may credit the \$37 withheld by LTP against this liability as if it were paid by UTP. See §§1.1462-1(b) and 1.1446-5(b)(1). When UTP distributes the \$63 it actually receives from LTP to its partners, UTP is treated for purposes of section 1446 as if it made a distribution of \$100 to its partners (\$63 actual distribution and \$37 deemed distribution). UTP's partners (U.S. and foreign) may claim a credit against their U.S. income tax liability for their allocable share of the \$37 of 1446 tax paid on their behalf.

Crystal Pemberton
Senior Federal Register Liaison
Legal Processing Division
Associate Chief Counsel
(Procedure and Administration)

[FR Doc. 2021-00504 Filed: 3/5/2021 8:45 am; Publication Date: 3/8/2021]