



TaxNewsFlash

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Rev. Proc. 2017-21: Updated withholding foreign partnership, foreign trust agreement

The IRS today released an advance version of Rev. Proc. 2017-21 that contains the final withholding foreign partnership agreement (WP agreement) and withholding foreign trust agreement (WT agreement).

[Rev. Proc. 2017-21](#) [PDF 659 KB] explains that the WP and WT agreements generally allow a foreign partnership or foreign trust to assume the withholding and reporting obligations under Code chapters 3 and 4 for certain payments of U.S. source income (such as interest, dividends, and royalties) made to its direct partners, beneficiaries, or owners, and in some cases, persons holding interests in the partnership or trust through one or more foreign intermediaries or flow-through entities (indirect partners).

Rev. Proc. 2017-21 also provides guidance to foreign partnerships and foreign trusts for how to apply to enter into, or renew, the WP or WT agreement.

Overview

The WP agreement and WT agreement provided in Rev. Proc. 2014-47 were scheduled to expire on December 31, 2016, but on December 30, 2016, Rev. Proc. 2017-15 was issued to report that the WP and WT agreements would be treated as in effect until the updated agreements were issued in January 2017.

The WP and WT agreements in today's revenue procedure generally apply to withholding foreign partnerships (WPs) and withholding foreign trusts (WTs) with a WP or WT agreement effective on or after today, with the issuance of Rev. Proc. 2017-21.

Rev. Proc. 2017-21:

- Provides background on the withholding and reporting requirements of chapters 3 and 4
- Describes the scope of this revenue procedure
- Highlights changes to the WP and WT agreements
- Provides the application procedures for becoming a WP or WT and for renewing a WP or WT agreement
- Provides the WP agreement
- Procedure provides the WT agreement
- Provides the effective date
- Provides the effect on other documents

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