

# IRS Compliance - Publicly-Traded Partnership (PTP)/1446(f) Solution

## New withholding requirement

The U.S. Internal Revenue Service (IRS) regulation under Section 1446(f) requires withholding on distributions that result from sales by foreign partners of interests in Partnerships engaged in U.S. trade. These can result from partnership interests as well as any company that has elected to be treated as a partnership, instead of a corporation, for U.S. tax purposes. Withholding is required when those distributions are made to a non-US person.

Dispositions of partnerships that are publicly-traded and do not issue a certification of exemption are subject to such withholding, which primarily lies with the transferee of the position, but can fall to the partnership in the absence of appropriate withholding on the part of the transferee.

## Scope for 1446(f)

Effective January 1st 2023, the industry will be required to comply with this regulation and identify instruments in scope under 1446(f) rules. Bloomberg draws on our deep database of instruments, across various asset types and global markets, to provide a full picture of the withholdable universe.

This requires screening of securities across universes including:

- Companies
- Exchange-Traded Products
- Debt with Equity-Like Features

## Comprehensive security database

Because Bloomberg maintains a repository of all global securities, along with numerous data points that can be used to help determine status under 1446(f), identification of securities can be done globally, and largely, systemically. Bloomberg provides an indicator for quick identification of tax status, as well as the rationale to provide more color for those cases where the determination may seem to be in contradiction with the underlying data.

## Bloomberg for enterprise

To succeed today, financial institutions must respond to challenges that are not addressed by traditional approaches. They require world-class solutions that integrate people, processes, information and technology for the front office, middle office and operations. Bloomberg partners with these institutions to protect and capitalize on data, manage risk, deliver transparency and control costs. Through enterprise-level expertise and three decades of deep industry experience, Bloomberg creates real value through the use of innovative technology that turns data into a strategic asset.

## Learn more

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Field Name	Description
Publicly-Traded Partnership Indicator	Indicates whether a security is considered a Publicly-Traded Partnership (PTP) under Internal Revenue Service (IRS) rule 1446(f) that stipulates that the income generated be treated for tax purposes as partnership income to the payee.
Publicly-Traded Partnership Rationale	Specifies reasoning why a security would be considered a Publicly-Traded Partnership (PTP) under Internal Revenue Service (IRS) rule 1446(f) that stipulates that the income generated be treated for tax purposes as partnership income to the payee.



## Take the next step.

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