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This may not be used or cited as precedent.

Slide 1

Qualified Derivative Dealers Training:  
May 2<sup>nd</sup> and 3<sup>rd</sup>, 2017

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## Agenda

**Day 1:**

Technical Overview:

1. Common Equity Derivative Transactions
2. Section 871(m) Overview
3. QDD and Eligible Entity
4. QDD Tax Liability
5. Few Additional Points

**Day 2:**

Duties and Obligations of a QDD:

1. QDD Application
2. Documentation Requirements
3. Withholding and Reporting Obligations
4. QDD Compliance

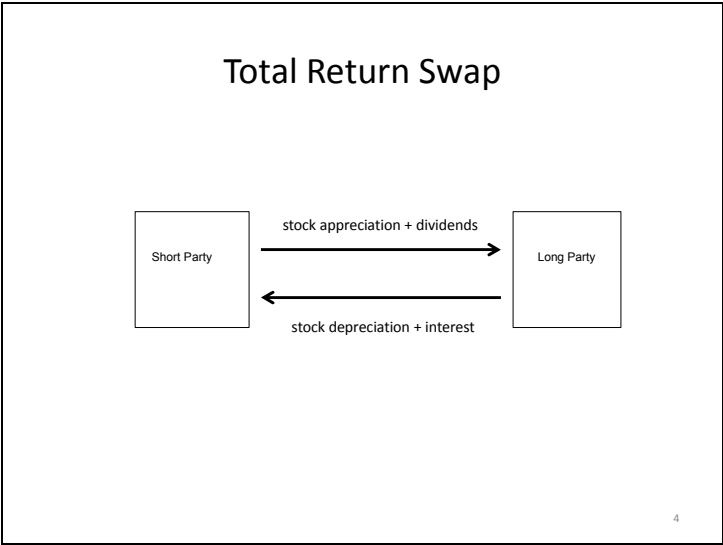
Examples

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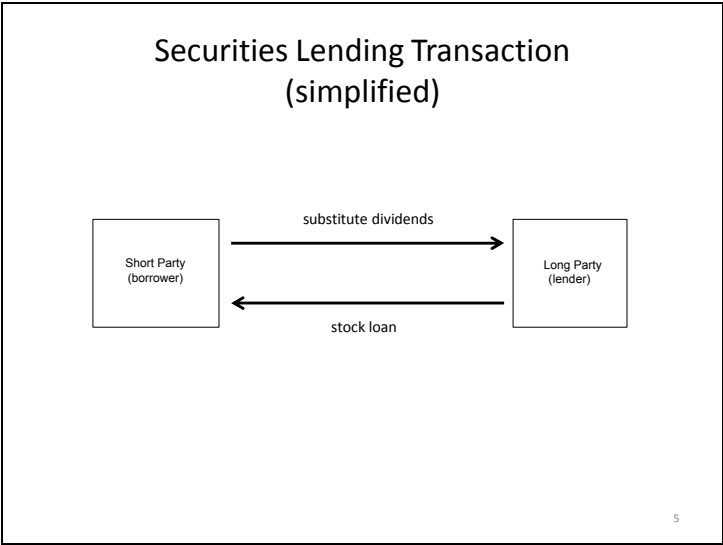
### Overview of Economics for Several Derivatives

- For purposes of the next three slides:
  - Reference asset = stock in a corporation that pays dividends
  - Long party = person with a position whose value moves in the same direction as the stock
  - Short party = person with a position whose value moves in the opposite direction from the stock

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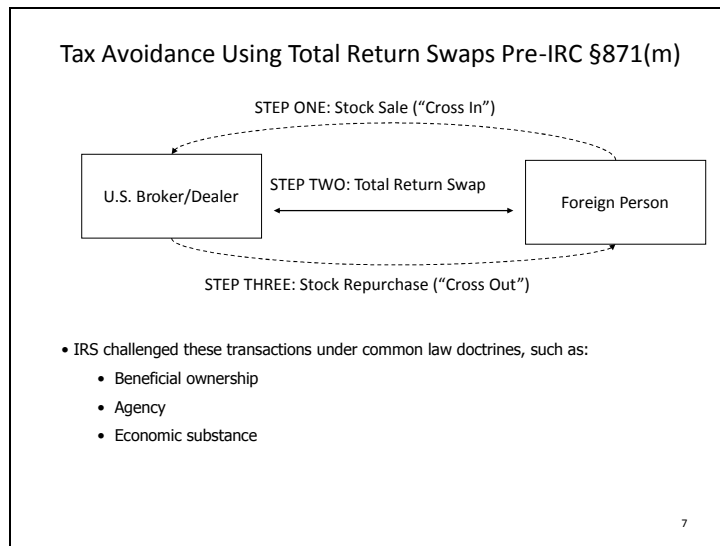


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### Other Transactions

- Sale-repurchase transactions
- Futures / forwards
- Options
- Structured notes
- Certain Debt
- Other

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### Judicial Doctrines after IRC § 871(m)

- Common law doctrines continue to apply after enactment of IRC § 871(m).
  - Substance over form
  - Beneficial ownership
  - Agency
  - Economic substance
- For example, IRS may challenge a transaction that is in form a derivative but in substance is direct ownership of the underlying asset.



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## 871(m) Overview

- 871(m) generally treats a dividend equivalent ("DE") payment on a section 871(m) transaction as a U.S. source dividend for 871/881 tax and withholding purposes
- Only applies to transactions that reference a dividend from an underlying security
  - Reference: to be contingent upon or determined by reference to, directly or indirectly, whether in whole or in part
  - Underlying security: any interest in an entity if that interest could give rise to a U.S. source dividend pursuant to §1.861-3 (example, stock in a U.S. corporation)
    - Indices: generally excludes references to widely-used passive indices on diverse baskets of publicly-traded securities that meet certain additional requirements
    - Partnerships: generally only looks through partnerships that carry on a trade or business of dealing or trading in securities, hold significant investments in securities, or directly or indirectly hold an interest in a lower-tier partnership that does either
      - Significant investment in securities if either (1) 25% or more of the value of the partnership's assets consist of underlying securities or potential section 871(m) transactions or (2) the value of the underlying securities or potential section 871(m) transactions equals or exceeds \$25 million (using notional values for derivatives)
      - Determined at the calculation time for the potential section 871(m) transaction (generally based on assets values on the last day of the partnership's prior taxable year absent actual knowledge of a change)
    - Corporate acquisition: excludes certain transactions that obligate the long party to acquire ownership of the underlying security as part of a plan pursuant to which one or more persons are obligated to acquire underlying securities representing more than 50% of the value of the entity issuing the underlying securities
  - Dividend: a dividend as described in section 316 (even if there is no actual distribution of cash or property) <sup>9</sup>

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### Potential Section 871(m) Transaction

- 871(m) potentially applies to any of the following transactions if the transaction references an underlying security, each a "potential section 871(m) transaction":
  - Securities lending or sale-repurchase transaction,
  - Notional principal contract, and
  - Equity-linked instrument
- Securities lending or sale-repurchase transaction: any securities lending transaction, sale-repurchase transaction, or substantially similar transaction that references an underlying security
  - Securities lending transaction and sale-repurchase transaction have the meaning provided in §1.861-3(a)(6)
- NPC: a notional principal contract as defined in §1.446-3(c)
- ELI: a financial transaction, other than a securities lending or sale-repurchase transaction or NPC, that references the value of one or more underlying securities
  - For example, a futures contract, forward contract, option, debt instrument, or other contractual arrangement that references the value of one or more underlying securities

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### Section 871(m) Transaction

- Section 871(m) transaction, any:
  - Securities lending or sale-repurchase transaction,
  - Specified NPC, or
  - Specified ELI
- Different tests apply for determining whether an NPC or ELI is a specified NPC or specified ELI, depending on when the transaction is entered into and whether the transaction is a simple contract or a complex contract

## Slide 12

## Effective Dates

- Securities lending or sale-repurchase transaction – payments on or after 9/14/10
- Specified NPC or specified ELI
  - NPC four factor test applies for payments on or after 9/14/10 and prior to 1/1/17
    - Any NPC that is a specified NPC based on the four factor test will remain a specified NPC
    - Four factor test: specified NPC if cross in, cross out, references a stock that is not readily tradable, or the underlying security is posted as collateral
    - Only applies to NPCs
  - For payments on or after 1/1/17 with respect to any transaction with a delta of one issued on or after 1/1/17
  - For payments on or after 1/1/18 with respect to any other transaction issued on or after 1/1/18
  - ETN exception – does not apply to payments on certain identified exchange-traded notes issued on or after 1/1/17 until 1/1/20
  - Qualified derivatives dealer (“QDD”) exception – does not apply to payments made in 2017 to a QDD in its equity derivatives dealer (“EDD”) capacity to hedge transactions that have a delta of less than one
- Issue: an NPC or ELI is treated as issued at inception, original issuance, or at the time of an issuance as a result of a deemed exchange pursuant to section 1001

## Slide 13

## Simple and Complex Contracts

- Simple versus complex:
  - Simple contract: generally, NPC or ELI that references a fixed number of shares and has a single maturity or exercise date
    - Examples: a total return swap (“TRS”), a future, a basic forward, or a basic put or call option
  - Complex contract: any NPC or ELI that is not a simple contract
    - Examples: a transaction that provides a payout based on which stock performs best, a transaction that provides two times the appreciation on a stock above a certain value and one times the depreciation on the stock below a certain value

## Slide 14

## Delta Test

- Any simple contract with a delta of 0.8 or greater at the calculation time is a section 871(m) transaction
- Delta: generally, the ratio of the change in the fair market value of the contract to a small change in the fair market value of the number of shares of the underlying security
  - Determined without taking into account any other underlying security or other property or any change due to debt or any other derivative that is not directly related to the underlying security
    - Example: convertible debt – only the embedded equity option is taken into account
  - Simplified delta – if transaction references 10 or more underlying securities and an exchange-traded security is available that would fully hedge the transaction at the calculation time, may calculate delta by determining the change in the fair market value of the transaction to a small change in the fair market value of the exchange-traded security
    - When used, that delta is used for each underlying security to calculate DE amounts
  - Generally only calculated once
- Calculation time: earlier of pricing time and issuance, unless the pricing time is greater than 14 days before issuance, then issuance
  - Pricing time: when all material economic terms for the transaction have been agreed upon, including the price at which the transaction is sold
- Listed options: generally for options on certain regulated exchanges, delta at close of prior business day
  - Does not apply to customized options

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### Delta Test - Examples

- Call option on 100 shares of U.S. stock A
  - If the option value changes by \$0.50 for a \$1 change in the value of 100 shares at issuance, delta = 0.5 (0.5/1)
  - Not a section 871(m) transaction because delta < 0.8
  
- TRS on 100 shares of U.S. stock A and 100 shares of U.S. stock B
  - Stock B not taken into account in determining delta of stock A
  - TRS with respect to stock A changes by \$1 for a \$1 change in the value of 100 shares of stock A, delta for stock A = 1 (1/1)
  - Section 871(m) transaction with respect to stock A because delta  $\geq$  0.8
  - Similarly, stock B delta determined without taking into account stock A

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## Substantial Equivalence Test

- Uses a proxy to measure the likelihood that a complex contract's performance will track the performance of the stock it references
- Designed to work in cases where the exact number of shares that the contract references cannot be determined at the outset
- Generally compares how the value of the complex contract would change relative to its stock hedge if the stock price moved up or down and compares those amounts to the values for a 0.8 delta simple contract. If the amount for the complex contract is less than or equal to the amount for the simple contract, the complex contract is a section 871(m) transaction.
- Simplified SE test for transactions that reference 10 or more underlying securities and an exchange-traded security is available that would fully hedge the complex contract at its calculation time.
  - When used, the initial hedge is the number of shares of the exchange-traded security for purposes of calculating the DE amount



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## Dividend Equivalent

- A DE is:
  - Any payment that references a dividend from an underlying security pursuant to a securities lending or sale-repurchase transaction, specified NPC, or specified ELI, or
    - Example: a substitute dividend payment on a securities lending or sale-repurchase transaction
  - Any gross-up thereon (“gross-up payment”)
- Exceptions:
  - Not a dividend
  - Section 305 dividend,
  - Due bill,
  - Certain payments pursuant to an annuity, endowment, or life insurance contract, and
  - Certain payments pursuant to an employee compensation arrangement
- Special rules apply to a QDD

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## Payment

- Payment: includes any gross amount that references the payment of a dividend and that is used in computing any net amount transferred to or from the long party
  - Even if the long party makes a net payment to the short party or there is no amount paid because the net amount is zero
    - Example: TRS on U.S. stock A that has a \$5 dividend and loses \$6 in value, resulting in a payment under the TRS of \$1 to the short party. The DE payment is \$5. Same result if loss was \$5, resulting in no cash payment under the TRS.
  - Reference can be:
    - To actual or estimated dividend
      - Per-share dividend amount: actual dividend used unless reasonable estimated dividend identified in writing at the time the transaction is issued
      - If estimated dividend used, limited to actual dividend
    - Explicit or implicit
    - Example: three variations on a TRS
      - TRS with actual dividends
      - TRS with estimated dividends
      - Price return only TRS

## Slide 19

### Payment Cont'd

- Quarterly dividend rule – if the section 871(m) transaction references long positions in more than 25 underlying securities, short party may treat the dividends with respect to the reference underlying securities as paid at the end of the applicable calendar quarter to compute the per-share dividend amount
- Publicly available dividend amount – if a section 871(m) transaction references the same underlying securities as a security or index for which there is a publicly available quarterly dividend amount, the publicly available dividend amount may be used to determine the per-share dividend amount for the section 871(m) transaction with any adjustment for special dividends
- If use simplified delta – the per-share dividend amount must be determined using the dividend amount for the exchange-traded security that would fully hedge the section 871(m) transaction

## Slide 20

## Dividend Equivalent Amount

- DE amount: amount treated as a U.S. source dividend
    - Generally, determined separately for each underlying security
    - Securities lending or sale-repurchase transaction
      - Per-share dividend amount \* # of shares
        - Example: securities loan on 100 shares of U.S. stock A and A pays a \$0.10/share dividend, DE amount = \$10 ( $0.1 * 100$ )
    - Simple contract
      - Per-share dividend amount \* # of shares \* delta
        - Examples
          - Delta 1 TRS on 50 shares of U.S. stock B and the reasonable estimated dividend written into the contract is \$0.30/share and actual dividend is \$0.30/share, DE amount = \$15 ( $0.3 * 50 * 1$ )
          - Delta 0.8 sold put option on 100 shares of U.S. stock C and stock C pays a \$0.05/share dividend, DE amount = \$4 ( $0.05 * 100 * 0.8$ )
    - Complex contract
      - Per-share dividend amount \* initial hedge
        - Initial hedge: the number of underlying securities that a short party would need to fully hedge an NPC or ELI with respect to an underlying security at the calculation time for the NPC or ELI, even if the short party does not in fact fully hedge the NPC or ELI
    - Gross-up payment
- Long party only liable for DEs that are determined during the time the long party is a party to the transaction

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## Number of Shares

- Number of shares: generally, the number of shares of the underlying security stated in the contract
  - If the contract modifies that number by a factor or fraction or otherwise alters the amount of any payment, the number of shares is adjusted to take that into account
    - Example: If transaction provides for 70% of the appreciation, depreciation, and dividends on 100 shares, the number of shares is 70, not 100

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## Qualified Indices

- A qualified index is treated as a single security that is not an underlying security
  - Determined at the calculation time for the transaction, generally based on whether the index is a qualified index on the first business day of the calendar year containing the calculation time
- Purpose: To provide a safe harbor for transactions that reference certain passive indices that are based on a diverse basket of publicly-traded securities and that are widely used by numerous market participants
  - If an index is contrary to this purpose, it is not a qualified index
- Qualified index = index that:
  - References 25 or more component securities,
  - References only long positions in component securities (subject to the 5% short position safe harbor),
  - References no component underlying security that represents more than 15% of the weighting of the component securities in the index,
  - References no 5 or fewer component underlying securities that together represent more than 40% of the weighting of the component securities in the index,
  - Is modified or rebalanced only according to publicly stated, predefined criteria, which may require interpretation by the index provider or a board or committee responsible for maintaining the index,
  - Did not provide an annual dividend yield in the immediately preceding calendar year from component underlying securities that is greater than 1.5 times the annual dividend yield of the S&P 500 index as reported for the immediately preceding calendar year, and
  - Is traded through futures contracts or options contracts (regardless of whether the contracts provide price only or total return exposure to the index or provide for dividend reinvestment in the index) on (1) a national exchange that is registered with the SEC or a domestic board of trade designated as a contract market by the CFTC, or (2) if the component underlying securities in the aggregate comprise less than 50% of the weighting of the component securities in the index, a foreign exchange or board of trade that is a qualified board or exchange as determined by the Secretary pursuant to section 1256(g)(7)(c) or that has a staff no action letter from the CFTC permitting direct access from the United States that is effective on the applicable testing date

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### Qualified Indices Cont'd

- Safe harbor for certain indices that reference assets other than underlying securities – an index can also be a qualified index if the index is widely traded, the referenced component underlying securities in the aggregate comprise 10% or less of the weighting of the component securities in the index, and the index was not formed or availed of with a principal purpose of avoiding U.S. withholding tax
- Generally cannot offset qualified index positions unless offsetting a portion of the entire index (for example, a cap or floor) or the offset is 5% or less of the value of the long positions in component securities in the qualified index (excluding any offsets of the entire qualified index), whether as a single transaction or the taxpayer (or a related person) enters into one or more transactions in connection with the potential section 871(m) transaction
  - If offsets violate this rule, the index will not be a qualified index
- Exchange-traded funds – If a potential section 871(m) transaction references an exchange-traded fund that tracks a qualified index, the potential section 871(m) transaction will be treated as referencing a qualified index

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## Combinations

- For purposes of determining whether a potential section 871(m) transaction is a section 871(m) transaction, two or more potential section 871(m) transactions are treated as a single transaction with respect to an underlying security when:
  - A person (or a related person) is the long party with respect to the underlying security for each potential section 871(m) transaction,
  - The potential section 871(m) transactions reference the same underlying security,
  - The potential section 871(m) transactions, when combined, replicate the economics of a transaction that would be a section 871(m) transaction if the transactions had been entered into as a single transaction, and
  - The potential section 871(m) transactions are entered into in connection with each other (regardless of whether the transactions are entered into simultaneously or with the same counterparty).
- Ordering rule – required to combine in a manner that results in the most transactions with a delta of 0.8 or higher
- Examples:
  - Purchased at-the-money call option and sold at-the-money put option, both have a delta of 0.5 -> combine to a delta one section 871(m) transaction
  - Purchased at-the-money call option on 100 shares and sold at-the-money put option on 200 shares, both have a delta of 0.5 -> combine to a delta one section 871(m) transaction on 100 shares with put option on 100 shares remaining separate
  - Purchased two at-the-money call options, both have a delta of 0.5 -> do not combine



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### Combinations Cont'd

- Short party presumptions – a short party that is a broker may presume that transactions are not entered into in connection with each other if either:
  - Transactions in separate accounts – if a long party holds or reflects the transactions in separate accounts maintained by the short party unless the short party has actual knowledge that the transactions were entered into in connection with each other or that the separate accounts were created or used to avoid section 871(m), or
  - Transactions separated by at least two business days – if the transactions are entered into two or more business days apart unless the short party has actual knowledge that the transactions are entered into in connection with each other
- Commissioner presumptions – Commissioner will presume that a long party did not enter into two or more transactions in connection with each other if either:
  - Transactions in separate accounts, or
  - Transactions separated by at least two business days
- Commissioner may rebut these presumptions with facts and circumstances
- Commissioner will presume that transactions that are entered into fewer than two business days apart and reflected on the same trading book are entered into in connection with each other
  - Long party can rebut this presumption with facts and circumstances

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### Combinations Cont'd

- Two business day rule – short party may, and Commissioner will, assume that all transactions are entered into at 4 p.m. on the date the transaction becomes effective in the jurisdiction of the long party
- Presumptions do not apply to long party
- Rule applied separately for each underlying security
- If a potential section 871(m) transaction is a section 871(m) transaction either by itself or as a result of a combination, it remains a section 871(m) transaction, even if part of a combination is disposed of
- The combination rule cannot be used to offset or net positions

## Slide 27

### Anti-abuse Rule

- If a taxpayer (directly or through a related person) acquires or disposes of a transaction(s) with a principal purpose of avoiding the application of this section, the Commissioner may treat any payment made with respect to that transaction(s) as a DE to the extent necessary to prevent the avoidance of this section
  - For example, notwithstanding any provision of this section, Commissioner may adjust the delta, change the number of shares, adjust an estimated dividend amount, change the maturity, adjust the timing of payments, treat a transaction that references a partnership interest as references the assets of the partnership, combine, separate, or disregard transactions, indices, or components of indices to reflect the substance of the transaction(s), or otherwise depart from the rules of this section as necessary to determine whether the transaction includes a DE or the amount or timing of a DE
  - A purpose may be a principal purpose even though it is outweighed by other purposes (taken together or separately)
  - When a withholding agent knows that the taxpayer acquired or disposed of a transaction(s) with a principal purpose of avoiding this section and the Commissioner treats a payment made with respect to any transaction as a DE, the withholding agent may be liable for any tax

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## QDDs

- Regime established to address the role of financial intermediaries in a chain of one or more transactions subject to section 871(m)
  - Eligible entity: a home office or branch that is a qualified intermediary (“QI”) and that, treating the home office or branch as a separate entity, is:
    1. An equity derivatives dealer (“EDD”) subject to regulatory supervision as a dealer by a governmental authority in the jurisdiction in which it was organized or operates,
    2. A bank or bank holding company subject to regulatory supervision as a bank or bank holding company (as applicable) by a governmental authority in the jurisdiction in which it was organized or operates or an entity that is wholly-owned (directly or indirectly) by a bank or bank holding company subject to regulatory supervision as a bank or bank holding company (as applicable) by a governmental authority in the jurisdiction in which the bank or bank holding company (as applicable) was organized or operates and that in its equity EDD capacity:
      - Issues potential section 871(m) transactions to customers, and
      - Receives dividends with respect to stock or DE payments pursuant to potential section 871(m) transactions that hedge potential section 871(m) transactions that it issued
    3. A foreign branch of a U.S. financial institution, if the foreign branch would meet the requirements of (1) or (2) if it were a separate entity, or
    4. Any person otherwise acceptable to the IRS
  - Eligible entity = QI eligible category
  - If cease to be eligible entity, immediately lose QDD status

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### QDD Covered Transactions

- QDD must act as a QDD for all payments made as a principal with respect to potential section 871(m) transactions and all payments received as a principal with respect to potential section 871(m) transactions and underlying securities
  - Excludes payments made or received to the extent treated as ECI
  - securities lending or sale-repurchase transaction – treated as principal unless QI determines it is acting as an intermediary
  - Nothing else covered (cannot act as a QDD when acting as an intermediary / not as a principal or with respect to transactions other than underlying securities (only when payment received by the QDD) or potential section 871(m) transactions)
  - Reminder: payment for 871(m) does not require actual payment
- QSL regime – extended through 1/1/17, goes away 1/1/18
  - If QDD, can only act as QSL when not required to act as a QDD
- Each home office or branch is a separate QDD and must separately qualify and be approved

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## QDD Withholding

- Withholding by QDD – must assume primary chapter 3 and 4 withholding and backup withholding
- Withholding to QDD:
  - Subject to withholding on payments with respect to underlying securities (other than DEs)
    - Calendar year 2017 – not subject to withholding on dividends
  - Not subject to withholding on payments with respect to potential 871(m) transaction that are not underlying securities

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## QDD Tax Liability

- QDD tax liability:
  1. 881 tax on its section 871(m) amount for each dividend on each underlying security reduced (but not below zero) by taxes paid by the QDD under 881(a)(1) on its dividends received with respect to that underlying security on that same dividend in its EDD capacity,
  2. 881 tax on DEs received as a QDD in its non-EDD capacity, and
  3. 881 tax on any payments that are not DEs received as a QDD (including dividends and interest) to the extent not satisfied by withholding
- Foreign branch of a U.S. entity does not have QDD tax liability, chapter 1 taxes instead
- QDDs remain subject to withholding and liable for any taxes that arise outside of their QDD capacity (those taxes are not covered by the QDD tax liability definition)
- QDD liable for tax on DE when the applicable dividend on the underlying security would be subject to withholding
- 2017 calendar year, QDD is:
  - Not liable for tax on dividends (including deemed dividends) and DEs received in EDD capacity
  - Liable for tax on dividends (including deemed dividends) and DEs received in non-EDD capacity (including as a QDD)
  - Liable for any other U.S. source FDAP payments received

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### Section 871(m) Amount

- Section 871(m) amount: for each dividend on each underlying security, QDD's net delta exposure to the underlying security for the applicable dividend \* the applicable dividend amount per share
  - Net delta exposure: amount (measured in number of shares) by which long positions exceed short positions
    - Only includes positions held in EDD capacity
      - Transactions properly reflected in a QDD's EDD book are presumed to be held in its EDD capacity
      - Amounts received by a QDD acting as a proprietary traded are in its non-EDD capacity
    - Excludes ECI
    - Determined at end of day on date that is earlier of record date and day prior to ex-dividend date
    - Only takes into account transactions that exist and are attributable to the QDD for U.S. federal tax purposes
    - Determined on a QDD-by-QDD basis (positions of other QDDs not taken into account)



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### QDD Tax Liability Examples

- Forward contract with customer (delta one), QDD hedges with TRS (delta one), net delta = 0 -> no QDD tax liability under (1), forward is a section 871(m) transaction and customer subject to withholding on DEs
- Customer buys at-the-money call option (0.5 delta), QDD hedges with TRS on 50 shares, at time of dividend delta on call option is 0.6 and the hedge is on 60 shares, net delta = 0 -> no QDD tax liability under (1), customer not subject to withholding because option is not a section 871(m) transaction
- Customer buys in-the-money call option (0.8 delta), QDD hedges with 80 shares of stock, at time of dividend delta on call option is 0.48 and the hedge is with 50 shares, net delta = 2 shares -> QDD tax liability under (1) equal to the 881 tax on the dividends for two shares reduced (but not below zero) by the 881 tax paid by the QDD on the related dividends on the stock, option is a section 871(m) transaction and customer subject to withholding on DEs

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### Time for Determining DE Amount and Taxable Year of DE

- Time for determining DE amount: determined on the earlier of the date that is the record date of the dividend and the day prior to the ex-dividend date with respect to the dividend
  - Example: Specified NPC provides for payment at settlement, DE amount determined on earlier of record date and day prior to ex-dividend date
- Taxable year of a DE: a non-QDD long party is liable for tax on a DE in the year the DE is subject to withholding
  - A QDD long party is liable for tax when the applicable dividend on the underlying security would be subject to withholding
  - The amount of the long party's tax liability is determined by reference to the amount that would have been due at the time the DE amount is determined based on the beneficial owners at that time
    - For example, based on the tax rate at that time, whether the long party qualified for a treaty benefit at that time, and in the case of a partnership, based on the partners at that time

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## Withholding

- For withholding purposes, generally a DE payment is not considered made until the later of when:
  - The amount of a DE is determined, and
  - A payment occurs with respect to the section 871(m) transaction after the amount of the DE is determined
    - For this purpose, a payment occurs when:
      - Money or other property is paid to or by the long party , unless the section 871(m) transaction is described in 1.871-15(j)(3), in which case a payment is treated as being made at the end of the applicable calendar quarter,
      - The long party disposes of the section 871(m) transaction, or
      - The section 871(m) transaction is transferred to an account that is not maintained by the withholding agent or the long party terminates the account relationship with the withholding agent
    - Premiums and other upfront payments by the long party to the short party at the time a section 871(m) transaction is issued are not treated as payments for this purpose

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### Withholding Cont'd

- Option to withhold on the payment date for the applicable dividend on the underlying security (the "dividend payment date")
  - Must apply same approach for all section 871(m) transactions of the same type
- QDDs required to withhold on dividend payment date
- Can change method of withholding for type of transaction
  - Only applies to transactions entered into on or after the change
  - For transactions entered into before the change, withholding agent must withhold under the original approach
- Written notice required unless not a QDD and use "later of" rule entire time before the time for determining the payee's first DE payment
- Derivatives that reference partnerships – the liability for withholding arises on March 15 of the year following the year in which the payment of a DE occurs
- Withholding agent only liable for withholding during the period the withholding agent is a withholding agent for the section 871(m) transaction

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## Transition Relief

- IRS will take into account the extent to which the taxpayer or withholding agent made a good faith effort to comply with 871(m) regulations:
  - For 2017: for any delta-one transaction and for complying with QDD provisions of the QI agreement
  - For 2018: for any non-delta-one transaction
- For 2017:
  - Simplified combination rule for withholding agents (not long parties) – withholding agents only required to combine transactions when the transactions are over-the-counter transactions that are priced, marketed, or sold in connection with each other (listed securities are not required to be combined)
  - Withholding agents may remit amounts withheld for DE payments quarterly