

Withholding Tax of 10% - Publicly Traded Partnership Interest (PTPs)

With effect from 1 January 2023, a 10% withholding will be imposed on sales and certain distributions associated with PTPs or exchange traded funds ETFs. For more information, you may also refer to the details from the US Internal Revenue Service [here](#).

PTPs trade like stocks on major U.S. and global exchanges and are often indistinguishable from equities, ETFs and other commonly traded instruments. It is critical that you understand these tax implications when you hold such PTPs and you should seek the appropriate professional advice if you are unsure of the contents.

Background:

The Internal Revenue Code Section 1446(f) issued by the US Internal Revenue Service imposes rules relating to withholding of tax on transfers of Publicly Traded Partnership Interest (PTPs) and will take effect on 1 January 2023. The new rules consist of the following:

- All PTPs, including non-U.S. PTPs, are subject to the new requirements if they have gains that are effectively connected with a trade or business within the United States.
- 10% withholding will be applied to sales and certain distributions associated with PTPs. (Please note that where there is any existing withholding tax being applied today, for example to other distributions, those will continue to be applied with no change/ no reduction)