

**Statutory Notes and Related Subsidiaries**

## EFFECTIVE DATE

Pub. L. 111-147, title V, §501(d), Mar. 18, 2010, 124 Stat. 106, provided that:

“(1) **IN GENERAL.**—Except as otherwise provided in this subsection, the amendments made by this section [enacting this chapter and amending sections 6414, 6501, 6513, 6611, and 6724 of this title] shall apply to payments made after December 31, 2012.

“(2) **GRANDFATHERED TREATMENT OF OUTSTANDING OBLIGATIONS.**—The amendments made by this section shall not require any amount to be deducted or withheld from any payment under any obligation outstanding on the date which is 2 years after the date of the enactment of this Act [Mar. 18, 2010] or from the gross proceeds from any disposition of such an obligation.

“(3) **INTEREST ON OVERPAYMENTS.**—The amendment made by subsection (b) [amending section 6611 of this title] shall apply—

“(A) in the case of such amendment’s application to paragraph (1) of section 6611(e) of the Internal Revenue Code of 1986, to returns the due date for which (determined without regard to extensions) is after the date of the enactment of this Act,

“(B) in the case of such amendment’s application to paragraph (2) of such section, to claims for credit or refund of any overpayment filed after the date of the enactment of this Act (regardless of the taxable period to which such refund relates), and

“(C) in the case of such amendment’s application to paragraph (3) of such section, to refunds paid after the date of the enactment of this Act (regardless of the taxable period to which such refund relates).”

**§ 1472. Withholdable payments to other foreign entities****(a) In general**

In the case of any withholdable payment to a non-financial foreign entity, if—

(1) the beneficial owner of such payment is such entity or any other non-financial foreign entity, and

(2) the requirements of subsection (b) are not met with respect to such beneficial owner,

then the withholding agent with respect to such payment shall deduct and withhold from such payment a tax equal to 30 percent of the amount of such payment.

**(b) Requirements for waiver of withholding**

The requirements of this subsection are met with respect to the beneficial owner of a payment if—

(1) such beneficial owner or the payee provides the withholding agent with either—

(A) a certification that such beneficial owner does not have any substantial United States owners, or

(B) the name, address, and TIN of each substantial United States owner of such beneficial owner,

(2) the withholding agent does not know, or have reason to know, that any information provided under paragraph (1) is incorrect, and

(3) the withholding agent reports the information provided under paragraph (1)(B) to the Secretary in such manner as the Secretary may provide.

**(c) Exceptions**

Subsection (a) shall not apply to—

(1) except as otherwise provided by the Secretary, any payment beneficially owned by—

(A) any corporation the stock of which is regularly traded on an established securities market,

(B) any corporation which is a member of the same expanded affiliated group (as defined in section 1471(e)(2)) without regard to the last sentence thereof as a corporation described in subparagraph (A),

(C) any entity which is organized under the laws of a possession of the United States and which is wholly owned by one or more bona fide residents (as defined in section 937(a)) of such possession,

(D) any foreign government, any political subdivision of a foreign government, or any wholly owned agency or instrumentality of any one or more of the foregoing,

(E) any international organization or any wholly owned agency or instrumentality thereof,

(F) any foreign central bank of issue, or

(G) any other class of persons identified by the Secretary for purposes of this subsection, and

(2) any class of payments identified by the Secretary for purposes of this subsection as posing a low risk of tax evasion.

**(d) Non-financial foreign entity**

For purposes of this section, the term “non-financial foreign entity” means any foreign entity which is not a financial institution (as defined in section 1471(d)(5)).

(Added Pub. L. 111-147, title V, §501(a), Mar. 18, 2010, 124 Stat. 102.)

**§ 1473. Definitions**

For purposes of this chapter—

**(1) Withholdable payment**

Except as otherwise provided by the Secretary—

**(A) In general**

The term “withholdable payment” means—

(i) any payment of interest (including any original issue discount), dividends, rents, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, and other fixed or determinable annual or periodical gains, profits, and income, if such payment is from sources within the United States, and

(ii) any gross proceeds from the sale or other disposition of any property of a type which can produce interest or dividends from sources within the United States.

**(B) Exception for income connected with United States business**

Such term shall not include any item of income which is taken into account under section 871(b)(1) or 882(a)(1) for the taxable year.

**(C) Special rule for sourcing interest paid by foreign branches of domestic financial institutions**

Subparagraph (B) of section 861(a)(1) shall not apply.