

§ 1.1443-1 Foreign tax-exempt organizations.

(a) *Income includible in computing unrelated business taxable income.* In the case of a foreign organization that is described in section 501(c), amounts paid or effectively connected taxable income allocable to the organization that are includible under section 512 in computing the organization's unrelated business taxable income are subject to withholding under §§ 1.1441-1, 1.1441-4, 1.1441-6, and 1.1446-1 through 1.1446-5, in the same manner as payments or allocations of effectively connected taxable income of the same amounts to any foreign person that is not a tax-exempt organization. * * * See also § 1.1446-3(c)(3).

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(c) * * *

(1) *In general.* This section applies to payments made after December 31, 2000, except that the references in paragraph (a) of this section to effectively connected taxable income and withholding under section 1446 shall apply to partnership taxable years beginning after the date these regulations are published as final regulations in the **Federal Register**.

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Par. 4. Sections 1.1446-0 through 1.1446-6 are added to read as follows.

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This section lists the captions contained in §§ 1.1446-1 through 1.1446-6.

§ 1.1446-1 Withholding tax on foreign partners' share of effectively connected taxable income.

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- § 1.1446-2 Determining a partnership's effectively connected taxable income*

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 - (vii) Limitations on deductions.
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 - (1) Reporting 1446 tax.
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 - (iv) Information provided to beneficiaries of foreign trusts and estates.
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 - (vi) Attachments required of beneficiaries of foreign trusts and estates.

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(2) Proof that tax liability has been satisfied.

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(2) Applicable percentage.

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(b) Reporting requirements.

(1) In general.

(2) Publicly traded partnerships.

(c) Look through rules for foreign upper-tier partnerships.

(d) Examples.

§ 1.1446-6 Effective date.

§ 1.1446-1 Withholding tax on foreign partners' share of effectively connected taxable income.

(a) *In general.* If a domestic or foreign partnership has effectively connected taxable income as computed under § 1.1446-2 (ECTI), for any partnership tax year, and any portion of such taxable income is allocable under section 704 to a foreign partner, then the partnership must pay a withholding tax under section 1446 (1446 tax) at the time and in the manner set forth in this section and §§ 1.1446-2 through 1.1446-5.

(b) *Steps in determining 1446 tax obligation.* In general, a partnership determines its 1446 tax as follows. The partnership determines whether it has any foreign partners in accordance with