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# *Global Financial Services Tax Newflash*

Information reporting and withholding (IRW)

July 29, 2011

*IRS re-issues Notice 2011-53  
— addresses effective date of  
withholding tax under FATCA  
on payments to NFFEs*

## ***Executive summary***

On July 25, 2011, the IRS re-issued Notice 2011-53 to clarify that the delayed effective date to withhold tax under FATCA<sup>1</sup> applies to withholdable payments made to all non-financial foreign entities (NFFEs).

In the original version of Notice 2011-53 (issued on July 14, 2011), the IRS provided transitional relief for withholding on pass-through payments and certain withholdable payments, but was silent as to whether the transitional relief would apply to a withholding agent's obligation to withhold FATCA tax on withholdable payments made to NFFEs. As noted in our [Global Tax Newsflash of July 18, 2011](#), it was previously not clear if this omission was intentional on the part of the IRS or was simply a drafting error.

Under the revised notice, it is now clear that FATCA withholding (including withholding on withholdable payments made to NFFEs) will be phased in according to the following schedule:

- January 1, 2014 - FATCA withholding on U.S. source fixed or determinable, annual or periodical (FDAP) income will generally begin on January 1, 2014.
- January 1, 2015 - FATCA withholding on pass-through payments and gross proceeds from the disposition of securities that could produce U.S. source interest and dividends will be effective on January 1, 2015.

Notice 2011-53 can be accessed [here](#).

<sup>1</sup> FATCA is the acronym for the Foreign Account Tax Compliance Act provisions included in the March 2010 HIRE Act

If you would like further advice in relation to the issues outline above, please call your local PwC contact or alternatively any of the people listed below:	
<b>Global:-</b> <b>Oscar Teunissen</b> +001 (646) 471- 3223 oscar.teunissen@us.pwc.com	
<b>PwC US:-</b> <b>Dominick Dell'Imperio</b> +001 (646) 471-2386 dominick.dellimperio@us.pwc.com <b>Robert Limerick</b> +001 (646) 471-7012 robert.limerick@us.pwc.com <b>Jon Lakritz</b> +001 (646) 471-2259 jon.w.lakritz@us.pwc.com	<b>Steve Nauheim</b> +001 (202) 414-1524 stephen.a.nauheim@us.pwc.com <b>Candace Ewell</b> +001 (202) 312-7694 candace.b.ewell@us.pwc.com
<b>PwC UK and Europe:-</b> <b>Robert Bridson</b> +44 (0) 20 7804 2520 rob.bridson@uk.pwc.com <b>Kenneth Shives</b> +33 1 56 57 83 84 kenneth.shives@fr.landwellglobal.com	<b>Simon Leach</b> +44 (0) 20 7213 2746 simon.j.leach@uk.pwc.com
<b>PwC Asia:-</b> <b>Anthony Tong</b> +(852) 2289 3939 anthony.tong@hk.pwc.com	<b>Michael Brevetta</b> +65 6236 3801 michael.j.brevetta@sg.pwc.com