



## Tax Solutions: Section 871(m)

### Streamlining the compliance process under Section 871(m)

IHS Markit's solution assists financial institutions in addressing their compliance obligations for Section 871(m) regulations.

Section 871(m) regulations provide updated rules for determining whether certain payments under swaps or equity-linked instruments might be treated as US 'dividend equivalent' payments and, if paid to a non-US beneficial owner, would be subject to US withholding tax generally applicable to US source dividends. The regulations are effective on Delta One products which are in scope from January 1, 2017. Transactions entered into beginning in 2021, non-Delta One contracts will also be in scope for Section 871(m) eligibility.

Since payments under many of these products are currently not subject to withholding, banks and brokers must create systems and processes in order to monitor which products may be subject to the regulations and also implement withholding and reporting where required.

IHS Markit has leveraged its tax and compliance expertise to help financial institutions streamline their Section 871(m) compliance processes. Customers can conduct due diligence with respect to their derivative products and integrate the screening of transactions with withholding and reporting functionality.

#### Minimize risk

The pre-screening of derivative products provides potential withholding rates and amounts. The validation of data points helps to mitigate the risk of non-compliance.

#### Decrease costs

Streamlined workflows on a single platform reduce resource allocations, help to lower overall costs and reduce the risk of costly regulatory fines.

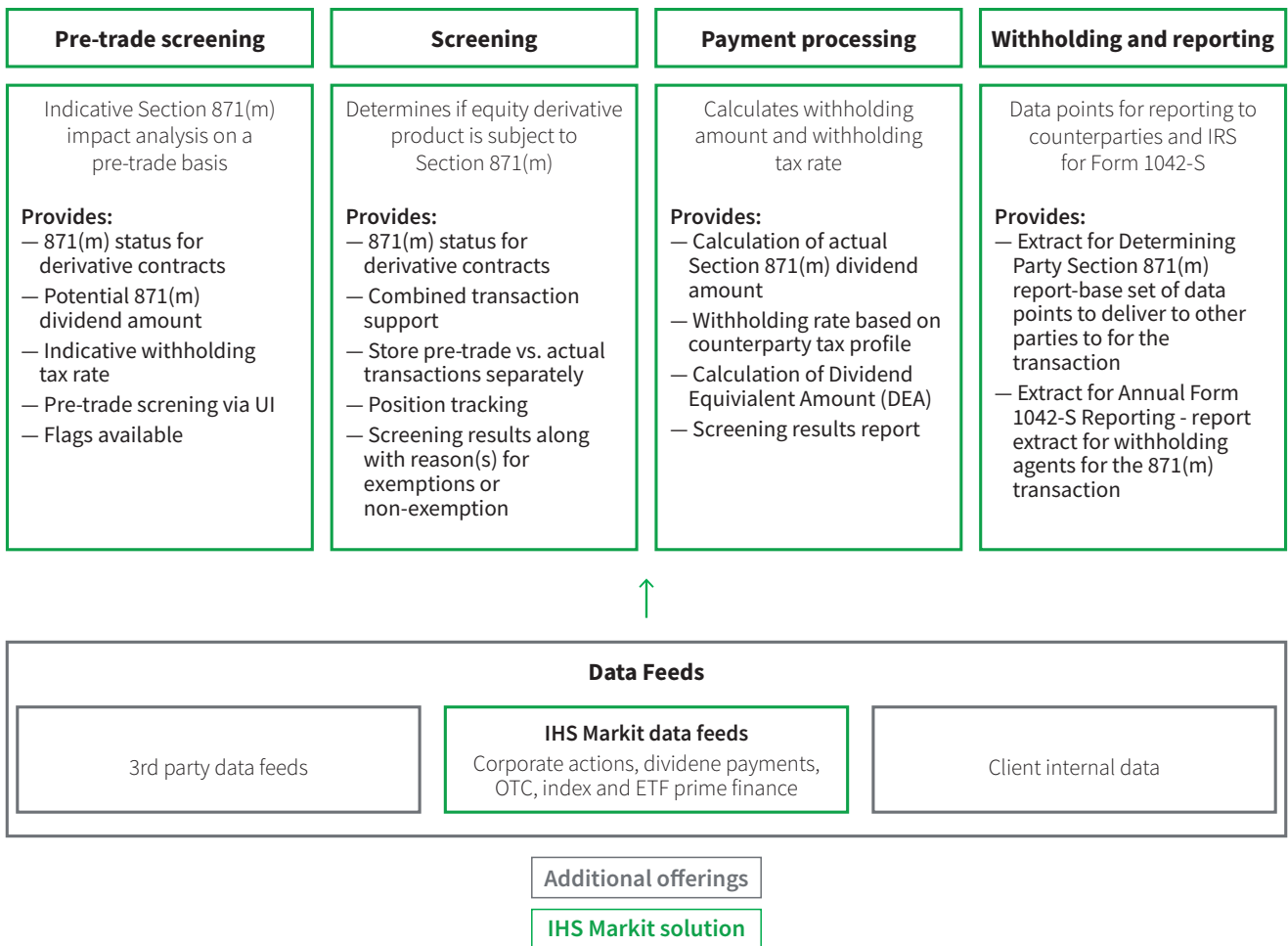
#### Increase efficiency

A centralized solution for pre-screening, payment processing, withholding and creation of data needed for reporting to meet the Section 871(m) regulations.

#### Address compliance obligations

Validated data lineage and reporting helps with firm requirements to Section 871(m) regulations.

# IHS Markit's solution to Section 871(m)



For more information on our suite of products and services please visit us at [ihsmarkit.com/riskandregcompliance](https://ihsmarkit.com/riskandregcompliance).

AMERICAS  
+1 212 931 4900

EMEA  
+44 20 7260 2000

APAC  
+65 6922 4200

[MK-TaxSolutions@ihsmarkit.com](mailto:MK-TaxSolutions@ihsmarkit.com)