

Stradley Ronon Stevens & Young, LLP
2005 Market Street
Suite 2600
Philadelphia, PA 19103-7018
215.564.8000 Telephone
215.564.8120 Facsimile
www.stradley.com

With other offices in:
Washington, D.C.
New York
New Jersey
Illinois
Delaware



www.meritas.org

Our firm is a member of Meritas – a worldwide business alliance of more than 175 law offices in 80 countries, offering high-quality legal services through a closely integrated group of independent, full-service law firms.

Information contained in this publication should not be construed as legal advice or opinion or as a substitute for the advice of counsel. The enclosed materials may have been abridged from other sources. They are provided for educational and informational purposes for the use of clients and others who may be interested in the subject matter.

Copyright © 2017
Stradley Ronon Stevens & Young, LLP
All rights reserved.

Extension Granted to Treat Company as Taxable REIT Subsidiary

In Private Letter Ruling 201723012 (<https://www.irs.gov/pub/irs-wd/201723012.pdf>), the IRS ruled that a real estate investment trust (REIT) and its subsidiary have satisfied the requirements for granting a reasonable extension of time to elect under Section 856(l) to treat the subsidiary as a taxable REIT subsidiary. (Section references are to the Internal Revenue Code of 1986, as amended.) The REIT indirectly owned the subsidiary through two limited liability companies that were taxed as partnerships.

Fluid Management Services Income Is PTP Qualifying Income

In Private Letter Ruling 201723004 (<https://www.irs.gov/pub/irs-wd/201723004.pdf>), the IRS ruled that gross income derived by a publicly traded limited partnership from its fluid management, interwell transfer and disposal services constitutes qualifying income within the meaning of Section 7704(d)(1)(E), regardless of whether the income is earned directly by the partnership and its subsidiaries or through its distributive share of a joint venture. The IRS limited the ruling by expressly stating that the ruling was not applicable to any income derived by the partnership from the delivery and transfer of water, brine or other injectants, including recycled produced water, where the partnership does not also collect and clean, recycle or otherwise dispose of produced water and drilling production waste after use.

IRS Advises on Who May Sign Partnership Form for Terminated Trust

In emailed advice (<https://www.irs.gov/pub/irs-wd/201723024.pdf>), the IRS advised that state law will determine who has the authority to act for a terminated trust that has been appointed the notice partner in a TEFRA partnership. Such person/entity has the authority to sign a Form 870-PT to agree to adjustments proposed to partnership items. If state law does not identify who can act for the trust, then a Form 870-PT can be secured from each beneficiary or a final partnership administrative adjustment can be issued.

SIFMA Seeks Clarity, Guidance for Withholding Agents

The Securities Industry and Financial Markets Association (SIFMA) submitted comments (<http://www.sifma.org/issues/item.aspx?id=8589967060>) on the final, temporary and proposed regulations (TD 9808 (https://www.irs.gov/irb/2017-05_IRB/ar09.html), TD 9809 (https://www.irs.gov/irb/2017-05_IRB/ar10.html), REG-134247-16 (https://www.irs.gov/irb/2017-05_IRB/ar13.html) and REG-103477-14 (https://www.irs.gov/irb/2017-05_IRB/ar14.html), collectively, the “regulations”) under Chapters 3 and 4 of the Internal Revenue Code. SIFMA suggested the regulations present several operational challenges for withholding agents, and further, since they affect tax documentation, reporting and withholding for the 2017 taxable year, SIFMA made several comments to seek clarification on these matters and to request guidance that is operationally administrable.

Montenegro-U.S. FATCA Agreement Available

The text is available of the agreement signed by Montenegro and the United States (<https://www.treasury.gov/resource-center/tax-policy/treaties/Documents/FATCA-Agreement-Montenegro-6-1-2017.pdf>) to improve international tax compliance and implement the information reporting and withholding tax provisions of FATCA.



Christopher C. Scarpa



Kristin M. McKenna

For more information, contact Christopher C. Scarpa at 215.564.8106 or cscarpa@stradley.com or Kristin M. McKenna at 215.564.8145 or kmckenna@stradley.com.

Stradley Ronon's Tax Practice Group

Todd C. Vanett, Chair	215.564.8070	tvannett@stradley.com
Zachary P. Alexander	215.564.8043	zalexander@stradley.com
Jacquelyn Gordon	215.564.8176	jgordon@stradley.com
Kristin M. McKenna	215.564.8145	kmckenna@stradley.com
William S. Pilling III	215.564.8079	wpilling@stradley.com
William R. Sasso	215.564.8045	wsasso@stradley.com
Christopher C. Scarpa	215.564.8106	cscarpa@stradley.com
Roger Wise	202.419.8436	rwise@stradley.com