On Sept. 20, the Treasury Department and the Internal Revenue Service released Notice 2018-72, announcing plans to amend the section 871(m) regulations to delay the effective date of certain provisions of regulations under Section 871(m).

Notice 2018-72 also extends the phase-in period provided in Notice 2016-76, 2016-51 I.R.B. 834, for certain provisions of the section 871(m) regulations and permits withholding agents to apply the transition rules from Notice 2010-46, 2010-24 I.R.B. 757, in 2020.

Section 871(m) is aimed at preventing foreign investors from using derivative instruments to avoid paying withholding taxes on certain U.S. equities.