

BIP Taxation Overview – Non-U.S. Investors – IRC 1446(f)



- In May and December 2022, the U.S. Internal Revenue Service (“IRS”) released guidance under Section 1446(f) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), generally requiring brokers and qualified intermediaries to withhold U.S. federal income tax at the rate of 10% on the amount realized by non-U.S. investors from the disposition of publicly traded partnership (“PTP”) units on or after January 1, 2023, subject to certain exceptions
- The 10% withholding tax does not apply to the disposition of units of a PTP that properly certifies in a “qualified notice” that it is not engaged in a trade or business within the United States for U.S. federal income tax purposes, under a prescribed exception to these rules.
- Brookfield Infrastructure Partners, LP (“BIP”) holds its operating asset portfolio via corporate subsidiaries
- Due to this organizational structure, BIP does not expect to be engaged in a trade or business within the United States for U.S. federal income tax purposes
- Accordingly, to ensure that the exception to U.S. withholding tax applies, BIP has issued and intends to continue to issue qualified notices on a quarterly basis in accordance with Treasury Regulations Section 1.1446(f)-4(b)(3), as applicable, certifying that BIP is not engaged in a trade or business within the United States for U.S. federal income tax purposes
- The purpose of the qualified notice, among other things, is to notify brokers and others that no withholding applies under Section 1446(f) of the Code to transfers of limited partnership units of BIP effected through a broker
 - Qualified notices will also be posted and retained on BIP’s website
- More information may be found on BIP’s website, including a letter from Torys LLP, U.S. federal income tax counsel to BIP in connection with the posting of a qualified notice regarding Section 1446(f) withholding

The discussion above is furnished for informational purposes and is not intended to be, nor should it be construed to be, legal or tax advice to any person. BIP does not provide tax advice to unitholders. No representation is made with respect to the United States federal income tax consequences to any person, including, without limitation, persons acting as brokers or qualified intermediaries with respect to transfers of partnership interests in BIP and holders of such partnership interests. Such persons are advised to consult their own tax advisers with respect to their particular circumstances.