

KPMG IRW Toolbox WP Toolkit

Taking the complexity out of compliance

Information Reporting & Withholding Tax Services



To coincide with the start of the US Foreign Account Tax Compliance Act (FATCA) in July 2014, the IRS modified the withholding foreign partnership (WP) agreement that had been in place since 2001. This has since been updated with the current WP agreement released in Rev. Proc. 2017-21. Under the terms of this agreement, the WP is no longer required to undergo an external WP audit twice in a six-year cycle, but there is now a requirement to establish a robust WP compliance program under the authority of a Responsible Officer (RO).

As part of the compliance program, a WP must undergo an independent periodic review once in each three-year period unless certain de minimis income thresholds are met. However, the current requirement to undergo an independent periodic review is only one aspect of the overall compliance program. The RO must also ensure that the WP is compliant throughout the three-year period.

To monitor compliance on an ongoing basis, a leading practice is for WPs to perform internal reviews regularly, even during non-WP review years. KPMG LLP (KPMG) has developed the WP Toolkit, part of the KPMG IRW Toolbox series, to help WPs manage and perform internal reviews in years in which formal periodic reviews are not required (off-year reviews).



About KPMG IRW Toolbox - WP Toolkit

KPMG professionals in the Information Reporting & Withholding Tax Services practice have extensive experience in performing independent Qualified Intermediary (QI) and WP audits and, more recently, QI and WP periodic reviews. For the past two decades, KPMG has used proprietary tools to facilitate these audits and reviews of hundreds of QIs and WPs worldwide.

Now, KPMG has combined these tools and this experience into a user-friendly WP Toolkit that can be used internally by WPs to facilitate off-year reviews. The toolkit includes:

- A web-based documentation questionnaire
- A web-based withholding questionnaire
- A web-based reporting reconciliation for recording reporting information and identifying and reconciling variances
- Numerous supporting instructional checklists, e.g., instructions to identify the population of partners subject to review, instructions on what payments and other information are needed for the withholding review, and more.

The web-based documentation and withholding questionnaires are the core of the WP Toolkit



Documentation questionnaire

Asks specific questions in an easy-to-use format about required documentation. Responses are saved and presented on a results screen that indicates where documentation errors that require remediation exist. A separate screen houses a schedule of findings, where notes can be added along with more details and questions about specific partners that may require further attention.

Documentation questionnaire – sample screen

The tabs shown are dynamic and will open based on inputs made, generally, in the “Documentation” tab. The top right shows the number of questions answered out of the total questions; the numbers are continuously updated as the user progresses through the questionnaire. Arrow navigation and a drop-down list of partners is provided to allow swift access to specific partners.



Withholding questionnaire

Provides the ability for the user to input information on a partner-specific basis. It allows analysis of the partners to help verify that withholding tax was imposed properly and identify instances of underwithholding. A results page highlights the partners with the potential underwithholding.

Contact us

KPMG Information Reporting & Withholding Tax Services include a wide range of information reporting consulting and technology solutions to help financial services entities and multinational companies comply with US and foreign withholding requirements and reporting regimes. To learn more about the WP Toolkit or our other services, contact one of the following professionals or visit read.kpmg.us/irw:

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