



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 WPToolkit, 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 WPToolkit 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.

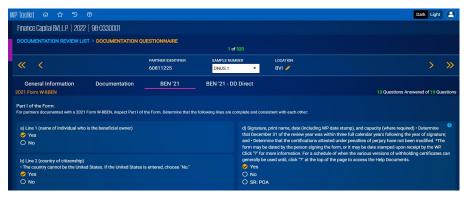
The web-based documentation and withholding questionnaires are the core of the WP Toolkit



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 though 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 WPToolkit or our other services, contact one of the following professionals or visit read.kpmg.us/irw:

Laurie Hatten-Boyd

Principal

T: 206-213-4001

E: lhattenboyd@kpmg.com

Mark Naretti

Managing Director

T: 212-872-7896

E: marknaretti@kpmg.com

Kelli Wooten

Principal

T: 617-875-0462

E: kwooten@kpmg.com

Paul Malboeuf

Managing Director

T: 212-954-1267

E: pmalboeuf@kpmg.com

Elis Prendergast

Managing Director

T: 212-954-1968

E: eprendergast@kpmg.com

Philip Garlett

Managing Director

T: 202-365-0812

E: pgarlett@kpmg.com

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Learn about us:



kpmg.com

The following information is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization. USCS031997-1F