



New Protocols / Treaty Enter into Force

Belgium ▪ Denmark ▪ Finland ▪ Germany

The United States Treasury Department announced that protocols with Denmark, Finland and Germany as well as a new tax treaty and protocol with Belgium entered into force on 28. December 2007. All are generally applicable to tax years beginning on or after 1. January 2008. However, certain provisions of the German and Finnish protocols relating to withholding tax are effective as of 1. January 2007. Highlights of the new protocols / treaty include the following:

Germany – US Protocol

- elimination of source-country withholding tax on certain dividends;
- modernization of the limitation on benefits (LOB) provisions; and
- mandatory arbitration in certain cases that are not otherwise resolved by the competent authorities.

WTS Observation: the new (more favorable) withholding tax provisions are effective with respect to payments made on or after 1. January 2007. Dividend recipients that qualify for 0% withholding and that received dividends in 2007 to which withholding was applied (e.g., certain parent companies owning at least 80% of the subsidiary's stock and pension funds) should consider promptly seeking a refund.

Belgium – US Treaty and Protocol

- elimination of source-country withholding tax on interest payments;
- elimination of source-country withholding tax on certain dividends;
- improved exchange of information provisions;
- modernization of LOB provisions; and
- mandatory arbitration in certain cases that are not otherwise resolved by the competent authorities.

Denmark – US Protocol

- elimination of source-country withholding tax on certain dividends; and
- modernization of LOB provisions.

Finland – US Protocol

- elimination of source-country withholding tax on certain dividends;
- elimination of source-country withholding tax on royalty payments; and
- modernization of LOB provisions.

World Tax Service US LLC
280 Headquarters Plaza
Morristown, NJ 07960

Telephone: +1 973 401 1999
E-Mail: info@wtsus.com
Homepage: www.wtsus.com

This information is intended to provide general guidance and does not constitute tax advice that can be relied on for any reason. The advice of a qualified tax professional should be obtained prior to taking any tax position or undertaking any transaction. Although our newsletters are carefully reviewed, we assume no responsibility in the event of any inaccuracy or omission.