

By PwC Deutschland | 05. Januar 2011

Intercorporate dividends from Norway confirmed as tax-free

The finance ministry has confirmed its interpretation of the Norwegian DTT to the effect that dividends received by a German company on a holding of 25% or more are free of German taxation.

The avoidance of double taxation clause in the double tax treaty with Norway is somewhat ambiguous in that, taken literally, it could be seen as not exempting a dividend received by a German corporate shareholder with 25% or more in the paying company from taxation in Germany. The reason is that the exemption applies to income which under the treaty can be taxed in Norway, whilst the dividend clause states that the country of source may not tax dividends paid to a corporate holder of 25% or more resident in the other state. The ministry of finance has now clarified the point with a decree to the effect that the exemption requirement of the avoidance of double tax provision for taxation in the country of source is general and applies in this instance to dividends as such. The exemption for significant dividends to corporate shareholders is specific and does not render such a dividend taxable in the hands of a German recipient. (AM)

Schlagwörter

Intercorporate dividends, corporate shareholder, dividend exemption, double tax treaty, significant dividend