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By PwC Deutschland | 26. April 2012

US treaty pension funds include those legally held by others

The German and US authorities have agreed to treat employee retirement savings schemes and investment trusts holding pension fund assets as pension funds for the tax treaty exemption of dividend income.

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Under the US double tax treaty, dividends paid to pension funds in the other country are free of withholding tax. The German and US authorities have now reached agreement that this pension fund exemption should apply to dividends paid to employers operating a retirement savings plan for their employees under a “contractual trust arrangement” and to investment trusts on their investments held on behalf of pension funds as pension fund assets.

Schlagwörter

double tax treaty, pension fund, retirement savings scheme