

## **Dutch Agreement on Pension Funds**

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Following is a copy of the News Release issued by the Director International (U.S. Competent Authority) on March 21, 2003 (IR-2003-37).

#### **U.S. AND NETHERLANDS REACH AGREEMENT ON PENSION FUNDS**

WASHINGTON — The Competent Authorities of the United States and the Kingdom of the Netherlands have entered into a mutual agreement to clarify the entitlement of exempt pension funds to benefits under the Convention between the United States of America and the Kingdom of the Netherlands for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed on December 18, 1992, and amended by Protocol signed on October 13, 1993.

It has come to the attention of the Competent Authorities that pension funds of one Contracting State, that are otherwise entitled to benefits under Article 35 (Exempt Pension Trusts) of the Convention, may invest in the other Contracting State through an entity that is organized and treated as fiscally transparent in the other Contracting State, but treated as taxable by the first Contracting State. In order to ensure the application of Article 35, and pursuant to the authority of Article 29 (Mutual Agreement Procedure) of the Convention, the Competent Authorities agree that interest and dividends paid to and through such an entity for the benefit of a pension fund entitled to the benefits of Article 35 of the Convention shall be considered to be derived by a resident of the first Contracting State to the extent of the share the pension fund has in the interest and dividends described in Article 35 and paid to the entity. Further, this agreement is effective only for interest and dividends that would have been exempt from tax had they been derived directly by the pension fund. This agreement has effect only for payments of interest and dividends made on or after January 1, 2001.

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