Tax Treaties: Items of Interest

New tax treaties
The United States has exchanged instruments of ratification for new income tax treaties with the United Kingdom and Japan and new protocols for the income tax treaties with Australia and Mexico.

United Kingdom
The provisions for withholding tax at source are effective for amounts paid or credited after May 1, 2003. For all other taxes, the treaty is effective for tax periods beginning on or after January 1, 2004. An individual who was otherwise entitled to treaty benefits under Article 21 of the former treaty can continue to apply those provisions. A person who was otherwise entitled to benefits under the former treaty can elect to have that treaty apply in its entirety for a 12-month period following the date the new treaty would otherwise apply.

Japan
The provisions for withholding tax at source are effective for amounts paid or credited after July 1, 2004. For all other taxes, the treaty is effective for tax periods beginning on or after January 1, 2005. An individual who was entitled to treaty benefits under Article 19 (teachers and researchers) or Article 20 (students and trainees) of the former treaty as of March 30, 2004, can continue to apply those provisions. A person who was otherwise entitled to benefits under the former treaty can elect to have that treaty apply in its entirety for the 12-month period following the date the new treaty would otherwise apply.

Australia
The provisions for withholding tax at source are effective for amounts paid or credited after July 1, 2003. For all other taxes, the protocol is effective for tax periods beginning on or after January 1, 2004.

Mexico
The provisions for withholding tax on dividends are effective for amounts paid or credited on or after September 1, 2003. For all other taxes, the treaty is effective for tax periods beginning on or after January 1, 2004.

U.S.-U.S.S.R. Income Tax Treaty
The U.S.-U.S.S.R. income tax treaty remains in effect for the following members of the Commonwealth of Independent States: Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, and Uzbekistan. That treaty will remain in effect until new treaties with these individual countries are negotiated and ratified. Provisions of the U.S.-U.S.S.R. income tax treaty are discussed in Publication 901 under Commonwealth of Independent States.

U.S.-China Income Tax Treaty
The U.S.-China income tax treaty does not apply to Hong Kong, and does not apply to Macau.

France