

Publications

New US Model Tax Treaty Makes Pension-Related Changes

ATTORNEYS & PROFESSIONALS

Elizabeth Thomas Dold

edold@groom.com

202-861-5406

David Levine

dlevine@groom.com

202-861-5436

Louis T. Mazawey

lmazawey@groom.com

202-861-6608

Kevin L. Walsh

kwash@groom.com

202-861-6645

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Recently, the U.S. Department of the Treasury issued a revised U.S. Model Income Tax Convention which will serve as the baseline text the Treasury Department uses when it negotiates tax treaties. The 2016 Model makes two significant changes that impact pension funds. First, it narrows the definition of pension fund in a change that could lead to less tax benefits under the treaty. Second, the 2016 Model clarifies the tax treatment of income earned by a person from a pension fund in a different country in the event of a tax-deferred transfer to another plan. In addition to releasing the 2016 Model, the Treasury Department is preparing a detailed technical explanation of the 2016 Model and is accepting comments.

Please see the attached memo for further information.

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