

Table 1. Tax Rates on Income Other Than Personal Service Income Under Chapter 3, Internal Revenue Code, and Income Tax Treaties

► Taxpayers must meet the limitation on benefits provisions in the treaty, if any, to qualify for reduced withholding rates.

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Income Code Number		10			11	12
		Royalties				
Name	Code	Industrial Equipment	Know-How/ Other Industrial Royalties	Patents	Film & TV	Copyrights
Australia	AS	30 u	5	5	5	5
Austria	AU	30 u	0	0	10	0
Bangladesh	BG	30 u	10	10	10	10
Barbados	BB	30 u	5	5	5	5
Belgium	BE	30 u	0	0	0	0
Bulgaria	BU	30 u	5	5	5	5
Canada	CA	30 u	0	0	10	0
China, People's Rep. of	CH	10 v	10	10	10	10
Comm. of Independent States		0	0	0	0	0
Cyprus	CY	30 u	0	0	0	0
Czech Republic	EZ	10	10	10	0	0
Denmark	DA	30 u	0	0	0	0
Egypt	EG	30 u	30 u	15	0	15
Estonia	EN	5	10	10	10	10
Finland	FI	30 u	0	0	0	0
France	FR	30 u	0	0	0	0
Germany	GM	30 u	0	0	0	0
Greece	GR	0	0	0	30 u	0
Hungary	HU	30 u	0	0	0	0
Iceland	IC	30 u	5	0	5	0
India	IN	10	15	15	15	15
Indonesia	ID	10	10	10	10	10
Ireland	EI	30 u	0	0	0	0
Israel	IS	30 u	15 u	15	10	10
Italy	IT	5	8	8	8	0
Jamaica	JM	30 u	10	10	10	10
Japan	JA	30 u	0 ee	0 ee	0 ee	0 ee
Kazakhstan	KZ	10	10	10	10	10
Korea, South	KS	30 u	15	15	10	10
Latvia	LG	5	10	10	10	10

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Income Code Number		1	6	7	14	21
		Interest	Dividends			
Name	Code	Paid by U.S. Obligors — General	Paid by U.S. Corporations — General ^a	Qualifying for Direct Dividend Rate ^{a,b}	Pensions and Annuities	Social Security Payments ⁹⁹
Lithuania	LH	10 g,kk	15 w	5 w	0 f	30
Luxembourg	LU	0 g,k	15 w	5 w	0	30
Malta	MT	10 g,jj	15 dd,mm	5 dd,mm	0 f	30
Mexico	MX	15 g,dd,ee,hh	10 dd,mm	5 dd,mm,oo	0	30
Morocco	MO	15	15	10	0 f	30
Netherlands	NL	0 g	15 pp	5 gg,oo,pp	0 f,pp	30
New Zealand	NZ	10 g,jj,nn	15 mm	5 mm,oo	0	30
Norway	NO	10 z	15	15	0 f	30
Pakistan	PK	30	30	15	0 j	30
Philippines	RP	15	25	20	30 q	30
Poland	PL	0	15	5	30	30
Portugal	PO	10 g,k	15 w	5 w	0 f	30
Romania	RO	10	10	10	0 f	0
Russia	RS	0 g	10 ff	5 ff	0 t	30
Slovak Republic	LO	0 g	15 w	5 w	0 f	30
Slovenia	SI	5 g	15 mm	5 mm	0 f	30
South Africa	SF	0 g,jj	15 w	5 w	15 l	30
Spain	SP	10	15 w	10 w	0 f	30
Sri Lanka	CE	10 g,jj	15 gg	15 gg	0 t	30
Sweden	SW	0 g	15 dd,mm	5 dd,mm,oo	0	30
Switzerland	SZ	0 g,jj	15 w	5 w	0	15
Thailand	TH	15 g,z	15 w	10 w	0 f	30
Trinidad & Tobago	TD	30	30	30	0 f	30
Tunisia	TS	15	20 w	14 w	0 f	30
Turkey	TU	15 g, m,z	20 w	15 w	0	30
Ukraine	UP	0 g	15 ff	5 ff	0	30
United Kingdom	UK	0 g,ee,kk	15 ee,mm	5 ee,mm,oo	0 f	0
Venezuela	VE	10 g,kk,ll	15 mm	5 mm	0 t	30
Other Countries		30	30	30	30	30

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Income Code Number		10			11	12
		Royalties				
Name	Code	Industrial Equipment	Know-how/ Other Industrial Royalties	Patents	Film & TV	Copyrights
Lithuania	LH	5	10	10	10	10
Luxembourg	LU	30 u	0	0	0	0
Malta	MT	30 u	10	10	10	10
Mexico	MX	10	10	10	10	10
Morocco	MO	30 u	10	10	10	10
Netherlands	NL	30 u	0	0	0	0
New Zealand	NZ	30 u	5	5	5	5
Norway	NO	30 u	0	0	0	0
Pakistan	PK	30 u	0	0	30 u	0
Philippines	RP	30 u	15	15	15	15
Poland	PL	30 u	10	10	10	10
Portugal	PO	10	10	10	10	10
Romania	RO	30 u	15	15	10	10
Russia	RS	30 u	0	0	0	0
Slovak Republic	LO	10	10	10	0	0
Slovenia	SI	30 u	5	5	5	5
South Africa	SF	30 u	0	0	0	0
Spain	SP	8	10	10	8	5 aa
Sri Lanka	CE	30 u,y	10	10	10	10
Sweden	SW	30 u	0	0	0	0
Switzerland	SZ	30 u	0	0	30 u	0
Thailand	TH	8	15	15	5	5
Trinidad & Tobago	TD	30 u	15	15	30 u	0 cc
Tunisia	TS	10	15	15	15	15
Turkey	TU	5	10	10	10	10
Ukraine	UP	30 u	10	10	10	10
United Kingdom	UK	30 u	0 ee	0 ee	0 ee	0 ee
Venezuela	VE	5	10	10	10	10
Other Countries		30	30	30	30	30

^a No U.S. tax is imposed on a percentage of any dividend paid by a U.S. corporation in existence on January 1, 2011, that received at least 80% of its gross income from an active foreign business for the 3-year period before the dividend is declared. (See sections 871(i)(2)(B) and 881(d) of the Internal Revenue Code.)

^b The reduced rate applies to dividends paid by a subsidiary to a foreign parent corporation that has the required percentage of stock ownership. In some cases, the income of the subsidiary must meet certain requirements (e.g., a certain percentage of its total income must consist of income other than dividends and interest).

^c In most cases, if the person was receiving pension distributions before March 31, 2000, the distributions continue to be exempt from U.S. tax.

^d In most cases, this rate applies only to pensions not paid by a government. See specific treaty rules for government pensions.

^e Interest is exempt if (a) paid to certain financial institutions or (b) paid on indebtedness from the sale on credit of equipment or merchandise.

^f Includes alimony.

^g Exemption or reduced rate does not apply to an excess inclusion for a residual interest in a real estate mortgage investment conduit (REMIC).

^h Interest paid or accrued on the sale of goods, merchandise, or services between enterprises is exempt. Interest paid or accrued on the sale on credit of industrial, commercial, or scientific property is exempt.

ⁱ The rate is 5% for trademarks and any information for rentals of industrial, commercial, or scientific equipment.

- j Exemption is not available when paid from a fund under an employees' pension or annuity plan, if contributions to it are deductible under U.S. tax laws in determining taxable income of the employer.
- k The rate is 15% for interest determined with reference to the profits of the issuer or one of its associated enterprises.
- l Annuities purchased while the annuitant was not a resident of the United States are not taxable. The reduced rate applies if the distribution is not subject to a penalty for early withdrawal.
- m Contingent interest that does not qualify as portfolio interest is treated as a dividend and is subject to the rate under column 6 or 7.
- n The exemption applies only to interest on credits, loans, and other indebtedness connected with the financing of trade between the United States and the C.I.S. member. It does not include interest from the conduct of a general banking business.
- o The exemption applies only to gains from the sale or other disposition of property acquired by gift or inheritance.
- p The exemption does not apply if the applicable past employment was performed in the United States while such person was a resident of the United States, or if the annuity was purchased in the United States while such person was a resident of the United States.
- q Annuities paid in return for other than the recipient's services are exempt. For Bangladesh, exemption does not apply to annuity received for services rendered.
- r Exemption does not apply to such interest paid by a U.S. corporation to a Greek corporation controlling, directly or indirectly, more than 50 percent of the entire voting power in the paying corporation.
- s The rate for royalties with respect to tangible personal property is 7%.
- t Does not apply to annuities. For Denmark, annuities are exempt.
- u Depending on the facts, the rate may be determined by either the Business Profits article or the Other Income article.
- v Tax imposed on 70% of gross royalties for rentals of industrial, commercial, or scientific equipment.
- w The rate in column 6 applies to dividends paid by a regulated investment company (RIC) or a real estate investment trust (REIT). However, that rate applies to dividends paid by a REIT only if the beneficial owner of the dividends is an individual holding less than a 10% interest (25% in the case of Portugal, Spain, Thailand, and Tunisia) in the REIT.
- x Royalties not taxed at the 5% or 8% rate are taxed at a 10% rate, unless the royalty is attributable to a permanent establishment of the taxpayer in the United States.
- y The rate is 5% for the rental of tangible personal property.
- z The rate is 10% if the interest is paid on a loan granted by a bank or similar financial institution. For Norway, the interest described in the preceding sentences is exempt. For Thailand, the 10% rate also applies to interest from an arm's length sale on credit of equipment, merchandise, or services.
- aa The rate is 8% for copyrights of scientific work.
- bb The rate is 5% for interest (a) beneficially owned by a bank or other financial institution (including an insurance company) or (b) paid due to a sale on credit of any industrial, commercial, or scientific equipment, or of any merchandise to an enterprise.
- cc The rate is 15% for copyrights of scientific work.
- dd Amounts paid to a pension fund that are not derived from the carrying on of a business, directly or indirectly, by the fund are exempt. This includes dividends paid by a REIT only if the conditions in footnote *mm* are met. For Sweden, to be entitled to the exemption, the pension fund must not sell or make a contract to sell the holding from which the dividend is derived within 2 months of the date the pension fund acquired the holding.
- ee Exemption or reduced rate does not apply to amount paid under, or as part of, a conduit arrangement.
- ff The rate in column 6 applies to dividends paid by a regulated investment company (RIC). Dividends paid by a real estate investment trust (REIT) are subject to a 30% rate.
- gg The rate applies to dividends paid by a real estate investment trust (REIT) only if the beneficial owner of the dividends is (a) an individual holding less than a 10% interest in the REIT, (b) a person holding not more than 5% of any class of the REIT's stock and the dividends are paid on stock that is publicly traded, or (c) a person holding not more than a 10% interest in the REIT and the REIT is diversified.
- hh The rate is 4.9% for interest derived from (1) loans granted by banks and insurance companies and (2) bonds or securities that are regularly and substantially traded on a recognized securities market. The rate is 10% for interest not described in the preceding sentence and paid (i) by banks or (ii) by the buyer of machinery and equipment to the seller due to a sale on credit.
- ii The exemption does not apply if (1) the recipient was a U.S. resident during the 5-year period before the date of payment, (2) the amount was paid for employment performed in the United States, and (3) the amount is not a periodic payment, or is a lump-sum payment in lieu of a right to receive an annuity.
- jj The rate is 15% (10% for Bulgaria; 30% for Austria, Germany and Switzerland) for contingent interest that does not qualify as portfolio interest. In most cases, this is interest based on receipts, sales, income, or changes in the value of property.
- kk The rate is 15% for interest determined with reference to (a) receipts, sales, income, profits or other cash flow of the debtor or a related person, (b) any change in the value of any property of the debtor or a related person, or (c) any dividend, partnership distribution, or similar payment made by the debtor or related person.
- ll The rate is 4.95% if the interest is beneficially owned by a financial institution (including an insurance company).

- ^{mm} The rate in column 6 applies to dividends paid by a regulated investment company (RIC) or real estate investment trust (REIT). However, that rate applies to dividends paid by a REIT only if the beneficial owner of the dividends is (a) an individual (or pension fund, in some cases) holding not more than a 10% interest in the REIT, (b) a person holding not more than 5% of any class of the REIT's stock and the dividends are paid on stock that is publicly traded, or (c) a person holding not more than a 10% interest in the REIT and the REIT is diversified.
- ⁿⁿ Interest received by a financial institution is exempt. In some cases, the exemption does not apply if the interest is paid as part of an arrangement involving back-to-back loans or other arrangement that is economically equivalent and intended to have a similar effect to back-to-back loans.
- ^{oo} Dividends received from an 80%-owned corporate subsidiary are exempt if certain conditions are met. For Japan, dividends received from a more than 50% owned corporate subsidiary are exempt if certain conditions are met.
- ^{pp} The rate in column 6 applies to dividends paid by a regulated investment company (RIC) or real estate investment trust (REIT). However, that rate applies to dividends paid by a REIT only if the beneficial owner of the dividends is (a) an individual holding not more than a 25% interest in the REIT, (b) a person holding not more than 5% of any class of the REIT's stock and the dividends are paid on stock that is publicly traded, or (c) a person holding not more than a 10% interest in the REIT and the REIT is diversified, or (d) a Dutch belegginginstelling.
- ^{qq} Applies to 85% of the social security payments received from the U.S. Government. The effective rate on the total social security payments received is 85% of the rate shown in the table. These rates also apply to the social security equivalent portion of tier 1 railroad retirement benefits (income code 22) received from the U.S. The remainder of tier 1, all of tier 2, dual, and supplemental railroad retirement benefits (income code 23) are taxed as shown in column 14, "Pensions and Annuities."