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Double tax treaties

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Double tax treaty	
Also called	Double taxation agreement (DTA), tax convention, tax treaty
Purpose	Prevent double taxation and tax evasion on cross-border income
Main templates	OECD Model Tax Convention (2017); UN Model Convention
Typical relief	Lower withholding tax on dividends, interest and royalties; exemption or credit for tax paid abroad
Updated by	OECD multilateral instrument (MLI), signed by 105 jurisdictions

In short: A double tax treaty is an agreement between two countries that decides which of them may tax income flowing between them, caps the withholding tax on dividends, interest and royalties, and gives relief when both countries tax the same income. To use one, a company must be tax resident in a treaty country and usually needs a certificate of residence (as of November 2026).

When a company in one country earns income from another, both countries may claim the right to tax it: the **source** country, where the income arises, and the **residence** country, where the company is based. A **double tax treaty** (DTT) settles that conflict. Most of the world's bilateral income tax treaties follow the OECD Model Tax Convention, so their articles look alike, but the rates and details differ from treaty to treaty.

How a treaty divides taxing rights

Treaties based on the OECD Model are organised by type of income. The articles that matter most for companies are:

Article (OECD Model)	What it decides
4 – Resident	Who can use the treaty, and which country wins if a company is resident in both
5 – Permanent establishment	When a foreign company has enough presence to be taxed on business profits
7 – Business profits	Profits are taxed only in the residence country unless earned through a permanent establishment
10 – Dividends	Source country may tax, but only up to a capped rate
11 – Interest	Source country may tax, up to a capped rate (often 0%)
12 – Royalties	In the OECD Model, only the residence country taxes; many treaties allow a capped source tax
13 – Capital gains	Who taxes gains on shares and property; land-rich company shares are often taxable where the land is
15 – Employment income	Where salaries are taxed, including the 183-day rule
23 – Elimination of double taxation	Whether the residence country exempts the income or gives a credit
25 – Mutual agreement procedure	How tax authorities resolve disputes about the treaty
26 – Exchange of information	How the two tax authorities share information

Relief from double taxation

- **Exemption method:** the residence country does not tax income that the treaty lets the other country tax (often used for business profits of a foreign branch).
- **Credit method:** the residence country taxes the income but deducts the tax already paid abroad, up to its own tax on that income (common for dividends, interest and royalties).

Domestic rules can go further. Many countries exempt dividends from substantial shareholdings (a "participation exemption") whether or not a treaty applies.

Withholding tax reductions

The most visible effect of a treaty is a lower withholding tax. Without a treaty, the paying country applies its domestic rate, for example 30% in the United States, 26.375% on dividends in Germany or 35% on Swiss dividends. With a treaty, the rate is capped, often at 0–15% for dividends and 0–10% for interest and royalties. Lower rates usually require a minimum shareholding (commonly 10% or 25%) and sometimes a minimum holding period.

Claiming treaty benefits

1. **Prove residence.** Ask your tax authority for a certificate of tax residence. Many payers need a new one each year.
2. **Give the payer the required forms** before payment, so the reduced rate is applied at source. The US, for example, uses Form W-8BEN-E for foreign companies.
3. **Otherwise, claim a refund.** Some countries, such as Switzerland, normally withhold the full domestic rate and refund the excess on application.
4. **Be the beneficial owner.** Treaty rates apply only if the recipient is entitled to the income itself, not passing it on to someone else.
5. **Keep substance.** A company with no real activity or management in its country of residence may be denied treaty benefits.

Anti-abuse rules and the MLI

Treaties are meant to prevent double taxation, not to create double non-taxation. Since the OECD's base erosion and profit shifting (BEPS) project, most treaties contain a **principal purpose test**: benefits are denied if obtaining them was one of the main purposes of an arrangement. US treaties instead use detailed **limitation on benefits** clauses.

The **multilateral instrument** (MLI) updated hundreds of treaties at once without renegotiating each one. As of May 2026, 105 jurisdictions had signed it, and the 91st ratification followed that month. The United States has not signed it. Whether the MLI changes a particular treaty depends on the choices both countries made, so always read the treaty together with the MLI.

EU directives and the Swiss–EU agreement

- **Parent-Subsidiary Directive:** dividends paid by an EU subsidiary to an EU parent holding at least 10% are exempt from withholding tax (member states may require a holding period of up to two years).
- **Interest and Royalties Directive:** interest and royalties between associated EU companies (generally a 25% direct holding) are exempt from withholding tax in the source country.
- **Switzerland–EU agreement:** Swiss dividends to an EU parent holding at least 25% for two years, and interest and royalties between such associated companies, can be relieved to 0%.
- Since Brexit, these directives no longer apply to UK companies, which rely on treaties instead.

Treaty map of 12 countries

Which of these 12 countries, whose treaty rates this wiki tabulates, have a comprehensive income tax treaty with each other, as of November 2026. Each of the other country guides lists its domestic withholding rates and links to its full treaty list. Most pairs do; the exceptions are listed below the map.

Country	CY	EE	GE	DE	IE	NL	PL	SG	CH	AE	GB	US
Cyprus	·	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Estonia	✓	·	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Georgia	✓	✓	·	✓	✓	✓	✓	✓	✓	✓	✓	◐
Germany	✓	✓	✓	·	✓	✓	✓	✓	✓	✕	✓	✓
Ireland	✓	✓	✓	✓	·	✓	✓	✓	✓	✓	✓	✓
Netherlands	✓	✓	✓	✓	✓	·	✓	✓	✓	✓	✓	✓
Poland	✓	✓	✓	✓	✓	✓	·	✓	✓	✓	✓	✓
Singapore	✓	✓	✓	✓	✓	✓	✓	·	✓	✓	✓	◐
Switzerland	✓	✓	✓	✓	✓	✓	✓	✓	·	✓	✓	✓
United Arab Emirates	✓	✓	✓	✕	✓	✓	✓	✓	✓	·	✓	✕
United Kingdom	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	·	✓
United States	✓	✓	◐	✓	✓	✓	✓	◐	✓	✕	✓	·

✓ comprehensive treaty in force · ◐ limited agreement only · ✕ no treaty

- **United Arab Emirates – Germany:** Expired 31 December 2021; new treaty under negotiation (September 2026).
- **United Arab Emirates – United States:** No income tax treaty.
- **Singapore – United States:** Shipping and air transport agreement only.
- **Georgia – United States:** The US applies the 1973 US–USSR convention; Georgia does not list it.

Treaty networks and domestic rates

Country	Treaty network	Dividends	Interest	Royalties
Cyprus	67 treaties	0%	0%	0/10%
Estonia	60 treaties	0%	0%	10%
Georgia	58 treaties	5%	5%	5%
Germany	about 94 treaties in force	26.375%	0%	15.825%
Ireland	78 treaties signed, 75 in effect	25%	20%	20%
Netherlands	about 100 treaties	15%	0%	0%
Poland	88 treaties	19%	20%	20%
Singapore	about 98 treaties	0%	15%	10%
Switzerland	99 treaties in force	35%	35%	0%
United Arab Emirates	about 110 treaties	0%	0%	0%
United Kingdom	about 130 treaties	0%	20%	20%
United States	about 60 treaties	30%	30%	30%

Domestic (non-treaty) withholding tax on payments to non-resident companies. Germany's rates include the solidarity surcharge; Cyprus taxes royalties only for rights used in Cyprus. Source: PwC Worldwide Tax Summaries, reviewed May–September 2026. Each country guide has the full treaty-rate table.

Frequently asked questions

Does a tax treaty mean I pay no tax?

No. A treaty decides which country taxes and caps some taxes; it does not remove tax. Income is still taxed somewhere, usually in the residence country, with credit for any tax paid at source.

Can any company use a treaty?

Only a company that is tax resident in one of the two countries, is the beneficial owner of the income, and passes the treaty's anti-abuse tests. A letterbox company with no real management or activity is likely to be refused.

How do I get a certificate of tax residence?

Apply to the tax authority of the country where the company is resident, for example HMRC in the UK or the Federal Tax Authority in the UAE. Many payers ask for a new certificate every year.

What if two countries both treat my company as resident?

Older treaties give residence to the country of effective management. Treaties updated by the 2017 OECD Model or the MLI often leave it to the two tax authorities to agree case by case. See corporate tax residence.

Does the US have a treaty with the UAE or Singapore?

No comprehensive income tax treaty. US–Singapore has only a shipping and air transport agreement, and there is no US–UAE income tax treaty, so the US domestic 30% withholding tax applies unless a domestic exemption is available.

Is the Germany–UAE treaty still in force?

No. It expired on 31 December 2021. In September 2026 both governments said they hope to conclude a new treaty soon.

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