

Tax treaties news

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- **France publishes guidelines on tax treaty with Luxembourg**

On 23 February 2021, the French tax authorities published guidelines on the France – Luxembourg Income and Capital Tax Treaty signed in 2018.

The guidelines provide many details and examples regarding:

1. - the scope of application of the new treaty;
2. - taxation rules applicable to each type of income, especially business income; and
3. - provisions on the elimination of double taxation and other provisions.

For further background on the Luxembourg-France Double Tax Treaty, please refer to our **April 2018**, **December 2018** and **February 2019** Newsletters.

- **Albania ratifies Protocol to Tax Treaty with Luxembourg**

On 18 February 2021, Albania ratified the amending protocol, signed on 21 October 2020, to the Albania – Luxembourg Income and Capital Tax Treaty signed in 2009.

Luxembourg must also ratify this protocol in order for it to enter into force.

- **France ratifies Protocol to Tax Treaty with Luxembourg**

On 27 January 2021, France ratified the amending protocol, signed on 10 October 2019, to the France – Luxembourg Income and Capital Tax Treaty (2018) regarding the method used in France to mitigate double taxation with respect to Luxembourg-sourced income derived by French resident cross-border workers. This amending protocol entered into force on 18 February 2021, and has generally applied to tax periods starting as from 1 January 2020.

In Luxembourg, the amending protocol was implemented by the Law of 25 March 2020 into

Luxembourg domestic law.

For more information on this protocol, please refer to our **article**.

- **New amending protocol to the Luxembourg - Russia Income and Capital Tax Treaty**

On 6 November 2020, Luxembourg and Russia signed an amending protocol to update the Luxembourg - Russia Income and Capital Tax Treaty signed in 1993. The amending protocol amends the tax treaty in terms of increasing the withholding tax to 15% in respect of dividends and interest.

The amending protocol came into force on 5 March 2021 (i.e. the day both Contracting States have informed each other about the completion of the ratification process). The provisions of the amending protocol will then apply to tax periods starting as from 1 January

- **MLI - Luxembourg Circular on changes to Luxembourg - Switzerland DTT**

On 17 November 2020, the Luxembourg's tax authorities published the Circular LG – Conv. DI No. 66, setting out the changes made by the Multilateral Instrument (“**MLI**”) to the Switzerland - Luxembourg Income and Capital Tax Treaty signed in 1993 (“**Switzerland - Luxembourg DTT**”). For more information on the MLI, please refer to our past articles of 25 February 2019 and 31 July 2018).

As a reminder, Switzerland *covered tax agreements* only enter into effect (after the completion of the ratification process) when Switzerland has notified the OECD that it has completed its internal procedure to renegotiate the relevant double tax treaty (reservation for separate notifications pursuant to Article 35(7) MLI). In this respect, on 12 May 2020 Luxembourg and Switzerland signed an amicable agreement regarding the modifications made to the Switzerland - Luxembourg DTT and Switzerland notified the OECD of those modifications on 27 May 2020.

- **Protocol to Tax Treaty between Kazakhstan and Luxembourg enters into force**

On 6 November 2020, the amending protocol, signed on 14 October 2019, to the Kazakhstan - Luxembourg Income and Capital Tax Treaty signed in 2008 entered into force. The protocol generally applies from 1 January 2021.

For any further information please contact us or visit our website at www.elvingerhoss.lu.

The information contained herein is not intended to be a comprehensive study or to provide legal advice and should not be treated as a substitute for specific legal advice concerning particular situations.

We undertake no responsibility to notify any change in law or practice after the date of this newsletter

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