



TaxNewsFlash

United States

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U.S. Treasury announces suspension, by mutual agreement, of the Russia income tax treaty

The U.S. Treasury Department yesterday [announced](#) that the United States has provided formal notice to Russia to confirm suspension of the operation of Paragraph 4 of Article 1 and Articles 5-21 and 23 of the United States-Russia income tax treaty, as well as the operation of its accompanying protocol, by mutual agreement.

The suspension will take effect both for taxes withheld at source and in respect of other taxes on August 16, 2024, and will continue until otherwise decided by the two governments.

The IRS on June 21, 2024, released [Announcement 2024-06](#) providing notice of the partial suspension of the United States-Russia income tax treaty.

Background

Russia on August 8, 2023, notified the United States of its desire to suspend Paragraph 4 of Article 1 and Articles 5-21 and 23 of the United States-Russia treaty, as well as the protocol.

The IRS subsequently, on December 28, 2023, released Notice 2024-11 updating the list of treaties that meet the requirements of section 1(h)(11) with respect to “qualified dividends” to remove the treaty with Russia (under which the exchange of information program had been paused), effective with for dividends paid on or after January 1, 2023. Read [TaxNewsFlash](#)

KPMG observation

U.S. withholding agents will have approximately two months to update their systems to reflect the new withholding tax rates that will be effective beginning August 16, 2024.

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