

U.S. DEPARTMENT OF THE TREASURY

Press Center



United States, Hungary Agree to Prevent Tax Treaty Abuse

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WASHINGTON--As part of the Obama Administration's aggressive efforts to enforce U.S. tax laws and create a tax Code that is more fair, the U.S. Department of the Treasury today announced the conclusion of the negotiation of a proposed new bilateral income tax treaty with Hungary.

The proposed treaty modernizes the tax treaty relationship between the United States and Hungary and includes a comprehensive limitation on benefits provision that aims to ensure that only bona fide residents of the United States and Hungary enjoy the benefits of the treaty. Official signing of the treaty is expected in the next few weeks.

In recent weeks, the Administration has demonstrated its commitment to closing the tax gap. At the G-20 Leaders' Summit, the U.S. led efforts to ensure that all countries adhere to international standards for exchange of tax information. In the FY 2010 Budget, the Administration delivered a detailed reform agenda to reduce the amount of taxes lost through unintended loopholes and the illegal use of hidden accounts by well-off individuals. The Treasury Department recently concluded Gibraltar's first-ever tax information exchange agreement and also signed an agreement with Luxembourg to provide for greater exchange of tax information.

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