

Treasury Announces Action on Tax Protocols with Two Key Trading Partners

August 30, 2019

WASHINGTON—The U.S. Treasury Department today announced the entry into force dates of tax treaty protocols with two key trading partners. The protocols with Japan and Spain will provide certainty to Americans conducting business abroad and promote free, fair, and reciprocal trade. These protocols are the first such updates to tax treaties in nearly 10 years. They were approved by an overwhelming majority in the United States Senate earlier this year.

“These tax treaty protocols will help to create a level playing field for American businesses and workers, and foster stronger economic growth for both the United States and our trading partners,” said Secretary Steven T. Mnuchin. “We are pleased to continue working with members of the U.S. Senate from both parties to achieve strong, bipartisan approval of modernized tax treaties and protocols to encourage investment and job growth in America.”

The Japan Protocol will significantly reduce taxes on interest and certain dividends. It will also provide for mandatory binding arbitration to facilitate more effective and expedient resolutions of certain tax disputes between U.S. and Japanese tax administrations, resulting in certainty for taxpayers. The Protocol to the 2003 tax treaty between Japan and the United States entered into force today upon the exchange of instruments of ratification in Tokyo.

The Spain Protocol will significantly reduce taxes on interest, royalties, certain direct dividends, and capital gains. It will also provide for mandatory binding arbitration to streamline dispute resolutions between the two countries’ tax administrations. The Protocol to the 1990 tax treaty between Spain and the United States will enter into force on November 27, 2019.

For effective dates of specific provisions within each of the protocols, taxpayers should refer to the specific agreements.

- [Click here](#) to view the text of the Protocol to Amend the Income Tax Convention between the United States and Japan.

- [Click here](#) to view the 2003 Income Tax Convention between the United States and Japan.
- [Click here](#) to view the text of the Protocol to Amend the Convention between the United States and Spain.
- [Click here](#)  to view the 1990 Income Tax Convention between the United States and Spain.

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