

NEW ARTICLE 10 (DIVIDENDS) PARAGRAPH 9:

“9. In the case of the United States, notwithstanding the other provisions of this Article, dividends paid by an expatriated entity may be taxed in accordance with the domestic law of the United States for a period of ten years beginning on the date on which the acquisition of the domestic entity is completed.”

TECHNICAL EXPLANATION:

Subparagraph 9 provides, in the case of the United States, an exception to the reductions in dividend withholding provided in paragraph 2 in cases where the company paying the dividends is an “expatriated entity.” In such cases, the dividends may be taxed in accordance with the domestic law of the United States for a period of ten years beginning on the date on which the acquisition of the domestic entity is completed.

For purposes of applying this provision, the term “expatriated entity” shall mean an “expatriated entity” as defined in Code section 7874(a)(2)(A). The term “domestic entity” shall mean the domestic corporation or partnership referred to in Code section 7874(a)(2)(A)(i). The date on which the acquisition of the domestic entity is completed is the date on which the requirements of Code section 7874(a)(2)(B) are first satisfied.

NEW ARTICLE 11 (INTEREST) SUBPARAGRAPH 2(d):

“d) In the case of the United States, notwithstanding the other provisions of this Article, interest arising in a Contracting State and paid by an expatriated entity may be taxed in accordance with the domestic law of the United States for a period of ten years beginning on the date on which the acquisition of the domestic entity is completed;”

TECHNICAL EXPLANATION:

Subparagraph 2(d) provides, in the case of the United States, an exception to the exclusive residence taxation rule for interest of paragraph 1 in cases where the company paying the interest is an “expatriated entity.” In such cases, the interest may be taxed in accordance with the domestic law of the United States for a period of ten years beginning on the date on which the acquisition of the domestic entity is completed.

For purposes of applying this provision, the term “expatriated entity” shall mean an “expatriated entity” as defined in Code section 7874(a)(2)(A). The term “domestic entity” shall mean the domestic corporation or partnership referred to in Code section 7874(a)(2)(A)(i). The date on which the acquisition of the domestic entity is completed is the date on which the requirements of Code section 7874(a)(2)(B) are first satisfied.

NEW ARTICLE 12 (ROYALTIES) SUBPARAGRAPH 5(b):

“b) In the case of the United States, notwithstanding the other provisions of this Article, royalties paid by an expatriated entity may be taxed in accordance with the domestic law of the

United States for a period of ten years beginning on the date on which the acquisition of the domestic entity is completed.”

TECHNICAL EXPLANATION:

Subparagraph 5(b) provides, in the case of the United States, an exception to the exclusive residence taxation rule for royalties of paragraph 1 in cases where the company paying the royalties is an “expatriated entity.” In such cases, the royalties may be taxed in accordance with the domestic law of the United States for a period of ten years beginning on the date on which the acquisition of the domestic entity is completed.

For purposes of applying this provision, the term “expatriated entity” shall mean an “expatriated entity” as defined in Code section 7874(a)(2)(A). The term “domestic entity” shall mean the domestic corporation or partnership referred to in Code section 7874(a)(2)(A)(i). The date on which the acquisition of the domestic entity is completed is the date on which the requirements of Code section 7874(a)(2)(B) are first satisfied.

NEW ARTICLE 21 (OTHER INCOME) SUBPARAGRAPH 3(b):

“b) In the case of the United States, notwithstanding the other provisions of this Article, other income paid by an expatriated entity may be taxed in accordance with the domestic law of the United States for a period of ten years beginning on the date on which the acquisition of the domestic entity is completed.”

TECHNICAL EXPLANATION:

Subparagraph 3(b) provides, in the case of the United States, an exception to the exclusive residence taxation rule for other income of paragraph 1 in cases where the company paying the other income is an “expatriated entity.” In such cases, the other income may be taxed in accordance with the domestic law of the United States for a period of ten years beginning on the date on which the acquisition of the domestic entity is completed.

For purposes of applying this provision, the term “expatriated entity” shall mean an “expatriated entity” as defined in Code section 7874(a)(2)(A). The term “domestic entity” shall mean the domestic corporation or partnership referred to in Code section 7874(a)(2)(A)(i). The date on which the acquisition of the domestic entity is completed is the date on which the requirements of Code section 7874(a)(2)(B) are first satisfied.