

MEMO# 35941

December 2, 2024

US-Norway Competent Authority Agreement: US RIC Treaty Entitlement

[35941]

December 02, 2024

TO: ICI Members

ICI Global Members

Global Tax Committee

Tax Committee SUBJECTS: International/Global

Tax RE: US-Norway Competent Authority Agreement: US RIC Treaty Entitlement

On November 6, 2024, the Competent Authorities of the United States and Norway entered into an agreement confirming that Article 20 (Investment or Holding Companies) of the US-Norway tax treaty is not applicable to US regulated investment companies (RICs). For many years, the Norwegian Tax Authority denied RIC treaty claims based on Article 20 claiming that the US tax imposed on RICs with respect to the Norwegian dividends "is substantially less than the tax generally imposed by the United States on corporate profits." The statutory rate of withholding tax on dividends is 25% and can be reduced to 15% under the treaty.

ICI, in the attached letter, previously requested the IRS's assistance in ensuring that appropriate treaty relief is provided to RICs.^[1] The Norwegian Tax Authority's position, critically ignored the Article's limitation to situations in which the reduced tax was achieved "by reason of special measures." Subchapter M, for reasons provided in ICI's letter, is not a special measure. This competent authority agreement removes a significant barrier for RICs claiming treaty entitlement in Norway. We expect the agreement to be posted to the IRS website (IRS.gov) soon. Funds should consult with their tax advisors on whether to refile previously rejected treaty reclaims.

Katie Sunderland
Associate General Counsel

Notes

^[1] See [ICI Memorandum 34290](#), ICI Letter to IRS Regarding Norway's Denial of Treaty Relief to RICs, dated September 15, 2022.

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.