



Russian Finance Ministry announces denunciation of tax treaty with the Netherlands

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On 4 December Russia's Finance Ministry announced that it was in the process of drafting a bill denouncing the double taxation treaty with the Netherlands.¹ It was reported on the Ministry's website that multiple rounds of talks on amending the treaty had failed to bring the desired outcome, with the parties unable to reach a consensus over tax benefits in the context of the proposed increase in withholding tax rates for interest and dividends to 15%.

The status sheet for the denunciation bill² gives March 2021 as the planned time of entry into force of the bill.

¹ [Russian Finance Ministry begins process of denouncing tax treaty with the Netherlands \(minfin.gov.ru\)](https://minfin.gov.ru)

² [Official website for information on the drafting of regulatory acts and the results of public consultations \(regulation.gov.ru\)](https://regulation.gov.ru)

Under the termination rules laid down in Article 31 of the tax treaty, a party must notify its treaty partner of the denunciation of the treaty at least six months before the end of any calendar year in order for the treaty to cease to have effect beginning from the following tax period. This means that, if the bill is passed and the Russian party notifies the Netherlands of the denunciation of the treaty no later than June 2021, the treaty will cease to have effect beginning from 1 January 2022.

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ED None.

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