

Table 4. Limitation on Benefits

- The “Limitation on Benefits” article is an anti-treaty shopping provision intended to prevent residents of third countries from obtaining benefits under a treaty. Residents of a country whose income tax treaty with the United States contains a “Limitation on Benefits” article are eligible for benefits only if they satisfy one of the tests under the Limitation on Benefits article. Residents who are individuals of one of the Contracting States or political subdivision thereof are generally not affected by the Limitation on Benefits article. Residents of a country whose income tax treaty with the United States does not contain a Limitation on Benefits article do not need to satisfy these additional tests.
- The treaty or protocol article describing each of these tests is identified below for the general convenience of taxpayers. However, you must check the text of the relevant LOB article to determine which tests are available under the treaty and the particular requirements of those tests to make a final determination that you meet an LOB test.
- LOB Test Category Codes used to identify these various tests are as follows:
 - 01-** Individual
 - 02-** Government – contracting state/political subdivision/local authority
 - 03-** Tax exempt/ pension trust/ Pension fund
 - 04-** Tax exempt/ Charitable organization
 - 05-** Publicly-traded corporation
 - 06-** Subsidiary of publicly-traded corporation
 - 07-** Company that meets the ownership and base erosion test
 - 08-** Company that meets the derivative benefits test
 - 09-** Company with an item of income that meets the active trade or business test
 - 10-** Discretionary determination
 - 11-** Other

		Limitation on Benefits Tests (Safe Harbors) ²										Exceptions and Special Rules		
Name	Code	Treaty Article Citation	Publicly Traded Companies ⁰⁵ or Subsidiary of Publicly Traded Companies ⁰⁶	Tax Exempt Organization and Pension Funds ^{03, 04}	Stock Ownership and Base Erosion Test ⁰⁷		Active Business ⁰⁹	Discretionary Determination ¹⁰	Derivative Benefits ⁰⁸			Other ¹¹	Triangular provision	
			Same Country ^{3a}	U.S. or Same Country ^{3b}		Same Country ^{5a}	U.S. or same country ^{5b}			Comp benefits ^{8a}	Comp Rates ^{8b}	Named benefits ^{8c}		
Australia	AS	16		16(2)(c), (d), 16(5)	16(2)(e), (f)	16(2)(g)		16(3)	16(5)				HQ (16(1)(h))	

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Austria	AU	16		16(1)(e)	16(1)(g)	16(1)(f)	16(1)(d)	16(1)(c)	16(2)				HQ(16(1)(h)) MOU	16(4)
Bangladesh	BG	17		17(1)(d)	17(1)(f)		17(1)(c), (e)	17(2)	17(3)					
Barbados	BB	22		22(1)(c)	22(1)(e)		22(1)(d)	22(2)	22(3)				22(6)STR	
Belgium [06 treaty in force]	BE	21		21(2)(c)	21(2)(d)		21(2)(e), (3)	21(4)	21(7)				HQ 21(5)	21(6)
Bulgaria [07 treaty in force]	BU	21		21(2)(c)	21(2)(d)		21(2)(e), (3)	21(4)	21(5)					
Canada [P07 in effect (25)]	CA	XXIX A		XXIX A (2)(c)	XXIX A (2)(g)		XXIX A (2)(d), (e)	XXIX A (3)	XXIX A (6)			XXIX A (4)		
China, People's Rep. of	CH	Protocol		P(1)(b)			P(1)(a).		P(4)				P1(7), P2(2)	

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Comm. of Independent States*		None												
Cyprus	CY	26		26(1)			26(1)						26(3)	
Czech Republic	EZ	17		17(1)(d)	17(1)(e)		17(1)(f)	17(1)(c)	17(2)					
Denmark [P06 in force (VI)].	DA	22		22(2)(c)	22(2)(d), (e)		22(2)(f), (g), (3),	22(4)	22(7)					22(5) (shipping), (6)(interest or royalties)
Egypt	EG	24					24						Hold Co/STR 24	
Estonia	EN	22		22(2)(e)	22(2)(f)		22(2)(c)	22(3)	22(4)				22(2)(g) RICs	
Finland [P06 in force (VI)]	FI	16		16(2)(c)	16(2)(d), (e)		16(2)(f), (3)	16(4)	16(6)					16(5)
France [P09 in effect (XIV)]	FR	30		30(1)(c)	30(1)(d)		30(1)(e), (f)	30(4)	30(6)				HQ 30(3)	30(5)

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Germany [P06 in effect (XIV)]	GM	28		28(2)(c)	28(2)(d), (e)		28(2)(f), (3)	28(4)	28(7)				28(6)	28(5)
Greece	GR	None												
Hungary	HU	None												
Iceland [08 treaty in force]	IC	21		21(2)(c)	21(2)(d)		21(2)(e), (3)	21(4)	21(7)	21(3)			21(6)	21(5)
India	IN	24		24(3)			24(1)	24(2)	24(4)					
Indonesia	ID	28		28(7)			28(6)							
Ireland	EI	23		23(2)(e)	23(2)(f)		23(2)(c), (d)	23(3)	23(6)	23(5)			23(4) Shipping	23(7)
Israel	IS	25		25(3)(d)	25(3)(e)		25(1), (2)	25(3)(c)	25(4)					
Italy	IT	Art 2 of protocol		P2(2)(c)	P2(2)(d), (e)		P2(2)(f)	P2(3)	P2(4)					
Jamaica	JM	17		17(1)			17(1)	17(3)		17(3)(b)			17(2)	
Japan	JA	22		22(1)(c)	22(1)(d), (e)		22(1)(f)	22(2)	22(4)					
Kazakhstan	KZ	21		21(1)(c)	21(1)(d)		21(1)(e)	21(1)(b)	21(2)					

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Korea, South	KS	17											Hold Co 17	
Latvia	LG	23		23(2)(e)	23(2)(f)		23(2)(c)	23(3)	23(4)				23(2)(g)	
Lithuania	LH	23		23(2)(e)	23(2)(f)		23(2)(c)	23(3)	23(4)				23(2)(g)	
Luxembourg	LU	24		24(2)(d), (e)	24(2)(f)		24(2)(c)	24(3)	24(7)		24(4)		24(6)	24(5)
Malta [08 treaty in force]	MT	22		22(c)	22(d), (e)		22(f), (3)	22(4)	22(6)				22(7)	22(5)
Mexico	MX	17		17(1)(d)	17(1)(e)		17(1)(f)	17(1)(c)	17(2)		17(1)(g)			
Morocco	MO	24											Hold Co/STR 24	
Netherlands	NL	26		26(2)(c)	26(2)(d), (e)		26(2)(f), (3)	26(4)	26(7)				26(5) HQ; 26(6) Shipping	
New Zealand	NZ	16		16(1)(b)			16(1)(a), (c)						16(4)	
Norway	NO	20											Hold Co/STR 20	
Pakistan	PK	None												
Philippines	RP	None												
Poland	PL	None												

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Portugal	PO	17		17(1)(c)	17(1)(d)		17(1)(e)	17(2)	17(3)				17(6)	
Romania	RO	None												
Russia	RS	20		20(1)(c)	20(1)(d)		20(1)(e)	20(1)(b)	20(2)					
Slovak Republic	LO	17		17(1)(d)	17(1)(e)		17(1)(f)	17(1)(c)	17(2)					
Slovenia	SI	22		22(2)(c)	22(2)(d), (e)		22(2)(f)	22(3)	22(4)					
South Africa	SF	22		22(2)(c)	22(2)(d), (e)		22(2)(f)	22(3)	22(4)					22(6)
Spain	SP	17		17(1)(f)	17(1)(c), (d)		17(1)(g)	17(1)(e)	17(2)					
Sri Lanka [P 02 in effect (XV)]	CE	23		23(2)(c)	23(2)(d), (e)		23(2)(f)	23(3)	23(4)					
Sweden [P 05 in effect (V)]	SW	17		17(2)(c)	17(2)(d)		17(2)(e), (3)	17(4)	17(6)					17(5)
Switzerland	SZ	22		22(1)(e)	22(2)			22(1)(c)	22(6)			22(3)	22(1)(d), (f), (g)	22(4)
Thailand	TH	18		18(1)(d), (e)	18(1)(f)		18(1)(c)	18(2)	18(4)				IBF18(3), (6)	
Trinidad & Tobago	TD	16											Hold Co/STR 16	
Tunisia [P09 in effect (VIII)]	TS	25		25(5)(c)			25(5)(a)	25(5)(b)	25(5)(7)					

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Turkey	TU	22		22(3)	22(5)		22(1)	22(2)	22(6)					
Ukraine	UP	22		22(1)(c)	22(1)(d)		22(1)(e)	22(1)(b)	22(2)					
United Kingdom	UK	23		23(2)(c), (d)	23(2)(e)		23(2)(f), (g), (3)	23(4)	23(6)				23(5)	
Venezuela	VE	17		17(1)(e)	17(1)(c)		17(1)(f), (g)	17(1)(d)	17(4)				17(2), 3)	

* - The U.S.-U.S.S.R. income tax treaty applies to the countries of Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, and Uzbekistan.

Footnotes to Table 4. Limitation on Benefits

1	
2	
3	Publicly Traded Companies or Subsidiary of Publicly Traded Companies --
3a	Same country
3b	U.S. or same country
4	Tax exempt organizations and pension funds --
5	Stock ownership and base erosion test –
5a	Same country
5b	U.S. or same country

Footnotes to Table 4. Limitation on Benefits

6	<p>Active trade or business – Resident who are engaged in the active conduct of a trade or business in a treaty country may obtain the treaty benefits with respect to an item of income derived in the other treaty country.</p> <p>However, meeting this test only entitles the taxpayer to benefits for certain items of income –income derived in connection with, or is incidental to, that trade or business.</p> <p>In addition, the active trade or business test does not apply where the business in question is one of making or managing investments for the resident's own account.</p>
7	<p>Discretionary determination by competent authority – Some Limitation on Benefits articles provide that resident who do not meet any of the tests (and thus would not entitled to the benefits of the treaty) may nonetheless be granted benefits at the discretion of the competent authority. See Rev. Proc. 2015-40, and search “Discretionary LOB.”</p>
8	Derivative benefits test –
8a	Comparable benefits
8b	Comparable rates
8c	Named benefits
9	Triangular provisions –
10	
11	
12	
13	
14	