



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF
CHIEF COUNSEL

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CC:INTL:Br1:LRRubenstein

ID#50-15278

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Re: Austrian and Swiss Social Security Benefit Payments

Dear :

This letter is in response to your letter dated April 15, 2000, pertaining to U.S. taxation of social security benefits received from Austria and Switzerland.

Paragraph 1(b) of Article 18 of the income tax treaty between the United States and Austria provides that:

social security payments and other public pensions paid by a Contracting State to an individual who is a resident of the other Contracting State or a citizen of the United States shall be taxable only in the first-mentioned Contracting State.

Thus, a resident of the United States who receives social security benefits from Austria is subject to tax on that income only in Austria.

Paragraph 4 of Article 19 of the income tax treaty between the United States and Switzerland provides that:

social security payments and other public pensions paid by a Contracting State to an individual who is a resident of the other Contracting State may be taxed in that other State. However, such payments may also be taxed in the first Contracting State according to the laws of that State, but the tax so charged shall not exceed 15 percent of the gross amount of the payment.

Thus, a resident of the United States who receives social security benefits from Switzerland may be taxed by both countries on that income. However, the Swiss tax is limited to a rate of 15 percent. Foreign tax credits may be available for the Swiss tax to the extent necessary to avoid double taxation.

This information letter is advisory only and has no binding effect on the Internal Revenue Service. See Rev. Proc. 2000-1, §2.04, 2000-1 I.R.B. 4, 11. If you wish a definitive determination, you may request a letter ruling under the procedures set forth in Revenue Procedure 2000-1.

If you have any further questions please contact Leslie R. Rubenstein of this office at (202) 622-3880 (not a toll-free number).

Sincerely,

Grace Fleeman
Assistant to the Branch Chief, Branch 1
Associate Chief Counsel (International)