



GMS Flash Alert

2025-014 | January 16, 2025

United States & Switzerland – Agreement Identifying Eligible Pensions for Treaty Benefits

On December 5, 2024, the U.S. Internal Revenue Service (“IRS”) published a competent authority arrangement (“CAA”) entered into by the competent authorities of the United States and Switzerland.¹ The CAA supersedes the CAA signed on May 6, 2021, and applies to dividends paid on or after January 1, 2020.²

WHY THIS MATTERS

The CAA may be used to determine whether a pension plan or retirement arrangement is exempt from source-country taxation on dividends under Article 10(3) of the United States-Switzerland income tax treaty (the “treaty”). Similar to the previous CCA (covered in [GMS Flash Alert 2021-169](#)), the superseding CAA does not address whether the identified pension plans are “generally corresponding” plans for purposes of Article 28(4) of the treaty.³ Article 28(4) allows contributions to a generally corresponding pension plan to be deducted or excluded from income.⁴ As a result, it remains open as to whether individuals holding such pension plans identified as generally corresponding plans for purposes of Article 10(3) could seek relief under Article 28(4).

More Details

The CAA identifies certain U.S. and Swiss pension or other retirement arrangements, including individual retirement savings plans, that may be eligible for an exemption from source-country taxation on dividends under Article 10(3) of the treaty.⁵ The text of the superseding CAA is nearly identical to the previous CAA signed in 2021, except that it provides a procedure for U.S. Group Trusts for purposes of claiming a refund from the Swiss tax authorities under Article 10(3).⁶

FOOTNOTES:

1 Competent Authority Agreement, [Pension Plans for Tax Treaty Benefits](#) (Dec. 5, 2024).

2 Ibid.

3 [GMS Flash Alert 2021-169](#) (June 11, 2021).

4 Ibid.

5 Competent Authority Agreement, [Pension Plans for Tax Treaty Benefits](#) (Dec. 5, 2024).

6 Ibid.

* * * *

Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in the United States:



Martha Klasing
Partner
Washington National Tax –
Global Mobility Services
Tel. +1 202-533-4206
mklasing@kpmg.com



Yoori Sohn
Manager
Washington National Tax –
Global Mobility Services
Tel. + 1 202-533-7019
yoorisohn@kpmg.com

The above information is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230 as the content of this document is issued for general informational purposes only.

The information contained in this newsletter was submitted by the KPMG International member firm in the United States.

www.kpmg.com

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Learn about us:



kpmg.com

© 2025 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. Printed in the U.S.A. USCS001250-2F

The KPMG name and logo are registered trademarks or trademarks of KPMG International. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

KPMG LLP is the U.S. firm of the KPMG global organization of independent professional services firms providing Audit, Tax and Advisory services. The KPMG global organization operates in 147 countries and territories and has more than 219,000 people working in member firms around the world.

Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

GMS Flash Alert is a publication of the KPMG LLP Washington National Tax practice.

KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.