KPMG

Sovereign Wealth Funds and Public Pensions

Sovereign Tax Exemptions



September 2026

Introduction

Sovereign wealth funds (SWFs) and public pension funds ("Foreign Sovereign Investors" or "FSIs") continue to expand in both scale and sophistication. Since the establishment of the Kuwait Investment Authority in 1953, the industry has grown substantially, with total FSI assets under management ("AUM") now estimated at nearly $45 trillion USD globally.

As AUM has increased, FSIs have evolved their investment strategies well beyond traditional liquid debt and equity holdings. Today, their portfolios are diversified across private equity, private credit, real estate, infrastructure, commodities, alternative investments, and asset managers, with investments spanning nearly every region. The pace of change in portfolio composition reflects both the search for yield and the need to adapt to an increasingly complex global landscape.

FSIs navigating cross-border investments must contend with a regulatory environment that is in a near-constant state of flux. Governments around the world are regularly updating, revising, and proposing changes to tax and investment regulations, often in response to shifting economic conditions, geopolitical developments, and calls for greater transparency. Tax exemptions for FSIs, often rooted in the doctrine of sovereign immunity, remain a key consideration, but the scope and application of these exemptions are subject to ongoing review and debate. Some jurisdictions are introducing new rules or tightening existing frameworks, while others are considering reforms that could impact the availability or extent of sovereign tax benefits.

This report provides an overview of principal sovereign tax considerations in key investment jurisdictions for FSIs. The overview is intentionally high-level, designed to highlight key tax considerations under local law, administrative practice, or tax treaty in these jurisdictions. There is no uniform approach to the taxation of FSIs, but many countries and territories permit some level of exemption based on reciprocity. Where sovereign exemptions apply, they typically cover passive income earned by FSIs; income from active business or commercial activities is generally not exempt. Some jurisdictions do not provide sovereign tax benefits under domestic law, while others offer relief only to FSIs named in specific tax treaties.

KPMG professionals who authored this report anticipate that FSIs will continue to expand their international portfolios. KPMG firms are available to assist with the investment process and to provide institutional clients, including FSIs, with a range of Tax, Audit, and Advisory services, using a holistic approach to address complex challenges.

Please let KPMG professionals know how we can assist you.

Sincerely,



David M. Neuenhaus
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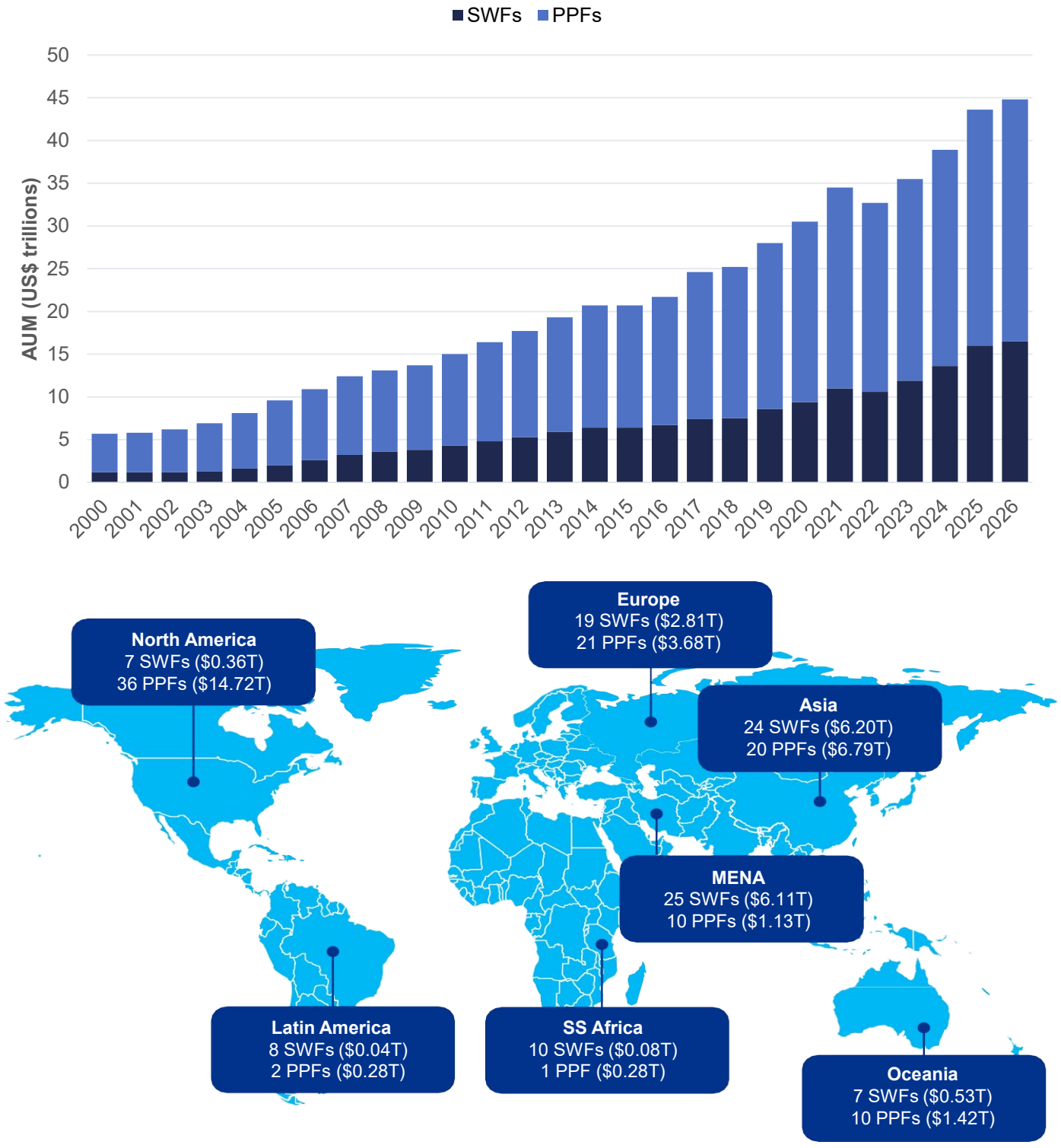


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SWF and PPF AUM Growth

Sovereign wealth funds (SWFs) and public pension funds (PPFs) have expanded dramatically over the past two decades, with combined assets under management reaching nearly $45 trillion USD ($16.5T in SWFs and $28.3T in PPFs). Today, most of this capital, over 93%, is concentrated across four key regions: North America ($15.08T), Asia ($12.99T), MENA ($7.24T), and Europe ($6.49T), with SWF capital anchored primarily in Asia and MENA, and PPF capital concentrated in North America and Asia. As these sovereign and public investors have scaled, they have meaningfully increased both direct and indirect allocations to alternative assets, actively deploying capital into private equity, real estate, infrastructure, venture capital, hedge funds, and co-investment strategies alongside external managers.



Source: Global SWF, 2026 Annual Report

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Argentina

Does Argentina provide an exemption or reduction from any domestic tax for an FSI?

- Argentina does not provide any specific exemption or relief for FSIs.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Not applicable.

What tax is exempt or reduced?

- Not applicable.

Are there any criteria to qualify?

- Not applicable.

How does the FSI practically obtain relief under the exemption?

- Not applicable.

Do tax treaties provide for any additional or separate relief?

- Certain income tax treaties may provide relief for specific FSIs.



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Australia

Does Australia provide an exemption or reduction from any domestic tax for an FSI?

- Yes, Australia has withholding tax exemptions for foreign pension funds and sovereign wealth funds on certain distributions from eligible investments.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- The sovereign immunity exemption is provided under Division 880 of the Income Tax Assessment Act 1997. Australian Taxation Office ("ATO") guidance, including Law Companion Ruling LCR 2020/3, addresses the application of the regime.
- Some income tax treaties may provide specific exemptions for certain government entities.

What tax is exempt or reduced?

- The foreign pension fund exemption provides an exemption in respect of interest and dividend amounts.
- The sovereign wealth fund exemption provides an exemption in respect of distributions received from an Australian company or managed investment trust (for either a debt or equity interest).

Are there any criteria to qualify?

- The fund must be an eligible superannuation fund under Australian law.
- The entity must be a sovereign entity (i.e., a foreign government, agency, or wholly government-owned entity), funded solely by public monies, and not a public financial or non-financial entity.
- Its sovereign entity group must hold only a portfolio interest (typically under 10%) with no relevant influence. Transitional measures from the 2019 reforms have expired; standard Division 880 rules apply.

How does the FSI practically obtain relief under the exemption?

- Both exemptions are provided under domestic law and can technically be accessed on a self-assessment basis.
- However, in practice, custodians and investment managers typically require a private ruling from the ATO to confirm the exemption is available.

Do tax treaties provide for any additional or separate relief?

- Yes, income tax treaties may provide relief for specific government entities.



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Brazil

Does Brazil provide an exemption or reduction from any domestic tax for an FSI?

- Yes, FSIs may be eligible for certain tax exemptions, provided that they meet certain requirements under Brazilian tax law.
- Brazilian tax law provides for an exemption applicable to income earned by foreign governments. However, the exemption is generally premised on reciprocal treatment by the government of the FSI and subject to a case-by-case analysis.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Domestic tax law.

What tax is exempt or reduced?

- Dividends are exempt under Brazilian domestic tax law. FSIs may qualify for no withholding tax on income from the Brazilian financial markets (i.e., publicly traded equity and debt) or from capital gains tax applicable to the disposition of shares, corporate bonds, government bonds, commodities, etc., when the transactions are carried out on the stock, commodities, or futures exchange.

Are there any criteria to qualify?

- Regarding FSIs, the main requirement for exemption from Brazilian income tax on income paid to the respective foreign governments is that reciprocal treatment must be provided to the Brazilian government with respect to its income earned in the foreign jurisdiction. Although Brazilian domestic tax law is vague regarding the topic of foreign governments, some tax treaties signed by Brazil refer to foreign governments and political subdivisions or any agency (including a financial institution) owned exclusively by that government.
- To qualify for the exemption, an SWF must be defined as a foreign investment vehicle whose assets consist exclusively of sovereign resources of the respective country and fulfill certain requirements related to policy, public information, and structure.



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Brazil (Continued)

How does the FSI practically obtain relief under the exemption?

- In addition to obtaining a corporate taxpayer registration number (“CNPJ”) and electronically registering before the Central Bank of Brazil (“BACEN”), the FSI should appoint a Brazilian representative as a withholding agent (i.e., for taxable capital gains, etc.) and should receive the income subject to withholding tax (i.e., interest, etc.). With respect to the income subject to withholding tax, the representative should provide the relevant information to the payer.
- Tax legislation states that non-Brazilian tax residents should nominate a Brazilian tax representative (a Brazilian tax resident) in the event of acquisition of assets located in Brazil. In certain situations, the tax representative must also be a custodian. For example, if the foreign investor invests in the Brazilian domestic markets under Resolution 13/2024 and wants to be eligible for the special tax regime (with reduction of tax burden levied on investments held in Brazil), the Resolution states that the tax representative must be a custodial services provider.
- Tax legislation does not specifically require a third-party counsel opinion for the approval of the qualified investors, but FSIs must self-certify under applicable guidance.

Do tax treaties provide for any additional or separate relief?

- Some tax treaties may specifically identify a foreign government (and certain wholly owned agencies) as qualifying for an exemption under the respective income tax treaty.



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Canada

Does Canada provide an exemption or reduction from any domestic tax for an FSI?

- Yes, under the Doctrine of Sovereign Immunity, the Government of Canada may grant an exemption from tax on certain Canadian-source investment income paid or credited to the government or central bank of a foreign country.
- Under some income tax treaties with Canada, the term “resident” may include “the Government of that State or a political subdivision or local authority thereof or any agency or instrumentality of any such government, subdivision or authority.” These entities would be entitled to the relevant tax treaty benefits if they are considered “resident.”

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- The Doctrine of Sovereign Immunity, referenced above, is partially codified under domestic law. Additionally, certain bilateral income tax treaties include similar relief.

What tax is exempt or reduced?

- Portfolio dividends on listed company shares are exempt from withholding tax provided that certain requirements are met. However, income such as rentals, royalties, or direct dividends from a company in which the foreign government has a substantial or controlling equity interest does not qualify for this exemption.
- Interest on arm’s-length debt is not subject to tax under Canadian domestic tax law.
- Capital gains that would otherwise be subject to domestic tax may also be exempt.
    i. Note that non-residents are generally not subject to capital gains tax under Canadian domestic tax law unless the property is considered “taxable Canadian property.” “Taxable Canadian property” generally includes real property, certain securities that principally derive their fair market value from real property, and property described in an inventory of a business carried on in Canada, among other things.
    ii. Additionally, income tax treaties may provide further relief, subject to any potential impact of the multilateral instrument (“MLI”).



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Canada (Continued)

Are there any criteria to qualify?

- If relying on the Doctrine of Sovereign Immunity, investment income of a foreign government or its agency is exempt from non-resident withholding tax only if:
  i. The other country would provide a reciprocal exemption to the Canadian Government or its agencies;
  ii. The income is derived by the foreign government or agency while exercising a function of a governmental nature and is not income arising during an industrial or commercial activity implemented by the foreign authority; and
  iii. The income is portfolio dividend income.
- Income such as rentals, royalties, or direct dividends from a company in which a foreign government has a substantial or controlling interest does not qualify for exemption.
- As noted herein, income tax treaties may provide similar or other relief. Note that the potential impact of the MLI, which must be read alongside certain tax treaties, should also be considered.

How does the FSI practically obtain relief under the exemption?

- To rely on the Doctrine of Sovereign Immunity, written authorization not to withhold tax must be requested by the Canadian resident payer from the Canada Revenue Agency ("CRA"). The applicant must substantiate that such investment income (other than that income already exempt under Canadian tax law) is the property of the government or central bank of a foreign country in addition to certain other requirements. The written authorization is applicable for a certain limited period of time, but the taxpayer may be eligible for re-authorization.

Do tax treaties provide for any additional or separate relief?

- Some income tax treaties provide for similar relief as under the Doctrine of Sovereign Immunity.
- Additionally, some income tax treaties provide relief from tax on capital gains that might otherwise be taxed under domestic law in certain circumstances.
- As noted herein, the MLI may need to be read alongside the applicable tax treaty, which can impact the timing and availability of certain treaty benefits.



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Cayman Islands

Do the Cayman Islands provide an exemption or reduction from any domestic tax for an FSI?

- Not applicable.

The Cayman Islands impose no income, capital, corporate, or withholding taxes.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Not applicable.

What tax is exempt or reduced?

- Not applicable.

Are there any criteria to qualify?

- Not applicable.

How does the FSI practically obtain relief under the exemption?

- Not applicable.

Do tax treaties provide for any additional or separate relief?

- Not applicable.



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Chile

Does Chile provide an exemption or reduction from any domestic tax for an FSI?

- No. Chile does not provide any domestic tax exemption or reduction specifically for foreign sovereign investors. In principle, foreign states, sovereign wealth funds, or other state-owned investors are subject to Chilean tax rules in the same way as any other non-resident, unless a specific rule (domestic or treaty) provides otherwise for a given type of income.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Chilean domestic law does not contain a general income tax exemption specifically for FSIs as such. However, if an FSI is resident in a country that has a Double Taxation Treaty ("DTT") in force with Chile, it may potentially access the benefits provided under that treaty. However, to apply a DTT, it is essential that the investor qualifies as a tax resident of the applicable treaty jurisdiction, which is generally not the case for foreign investment funds. Accordingly, any reduction or exemption would be treaty-specific and would require a case-by-case analysis of the relevant treaty provisions, the nature of the income, and the investor's residence status.

What tax is exempt or reduced?

There are no taxes that are exempt or reduced specifically for foreign sovereign investors. Instead, FSIs are subject to the same taxes applicable to other non-resident investors, including:

- 35% withholding tax ("WHT") on dividends. In this context, a credit for Chilean Corporate Income Tax ("CIT") paid at the Chilean corporate level is available against the WHT on dividends. The CIT credit corresponds to 100% of the CIT paid by the Chilean company (in the case of investors that are resident in a tax treaty jurisdiction or in certain cases when the Chilean company is an SME) or 65% (in cases where the requirements for the 100% CIT credit are not met).
- 30% withholding tax on royalties.
- 35% withholding tax on interest (this rate may be reduced to 4% in the case of interest paid to banks and qualifying foreign financial institutions or "FFIs").



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Chile (Continued)

What tax is exempt or reduced? (continued)

- 35% tax on capital gains from the sale of Chilean shares or other Chilean assets.
- Any reduction of these rates would only arise if a DTT applies, and the DTT provides a lower rate. Such treatment would typically be determined by the nature of the investment, the percentage of ownership, the underlying assets, and the applicable treaty requirements, not by the application of a sovereign investor rule.

Are there any criteria to qualify?

There are no special criteria for FSIs because Chile does not grant a preferential regime for them.

If a DTT is applicable, the beneficiary of the payments must provide the following documentation:

- A certificate of tax residence issued by the competent tax authority showing that at the time of the payment it is a tax resident of the respective country.
- An affidavit stating that: (i) the beneficiary does not have a permanent establishment in Chile to which the income should be attributed; and (ii) the beneficiary complies with the requirements to benefit from the provisions of the applicable DTT.

These benefits apply to foreign investors in general, not specifically to FSIs.

How does the FSI practically obtain relief under the exemption?

- Chile does not grant a domestic exemption for FSIs. Any relief may only be obtained by claiming benefits under an applicable tax treaty, through standard treaty-claim procedures and documentation, and only if the investor qualifies as a treaty resident.

Do tax treaties provide for any additional or separate relief?

- No. Chilean tax treaties do not provide sovereign-specific relief. Any relief available is general treaty relief, based on residence and income type, not on FSI status.



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China

Does China provide an exemption or reduction from any domestic tax for an FSI?

- Yes. China may grant exemptions or reductions from certain domestic taxes to foreign sovereign investors, depending on the applicable legal basis.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- The exemption or reduction may be granted either pursuant to an applicable bilateral income tax treaty or on the basis of a specific administrative ruling issued by the relevant Chinese authorities. By way of example, certain international organizations, such as the International Monetary Fund (IMF), have obtained specific rulings from the Ministry of Finance of the People's Republic of China that grant tax exemptions.

What tax is exempt or reduced?

- The exemption or reduction generally applies to Corporate Income Tax (CIT).

Are there any criteria to qualify?

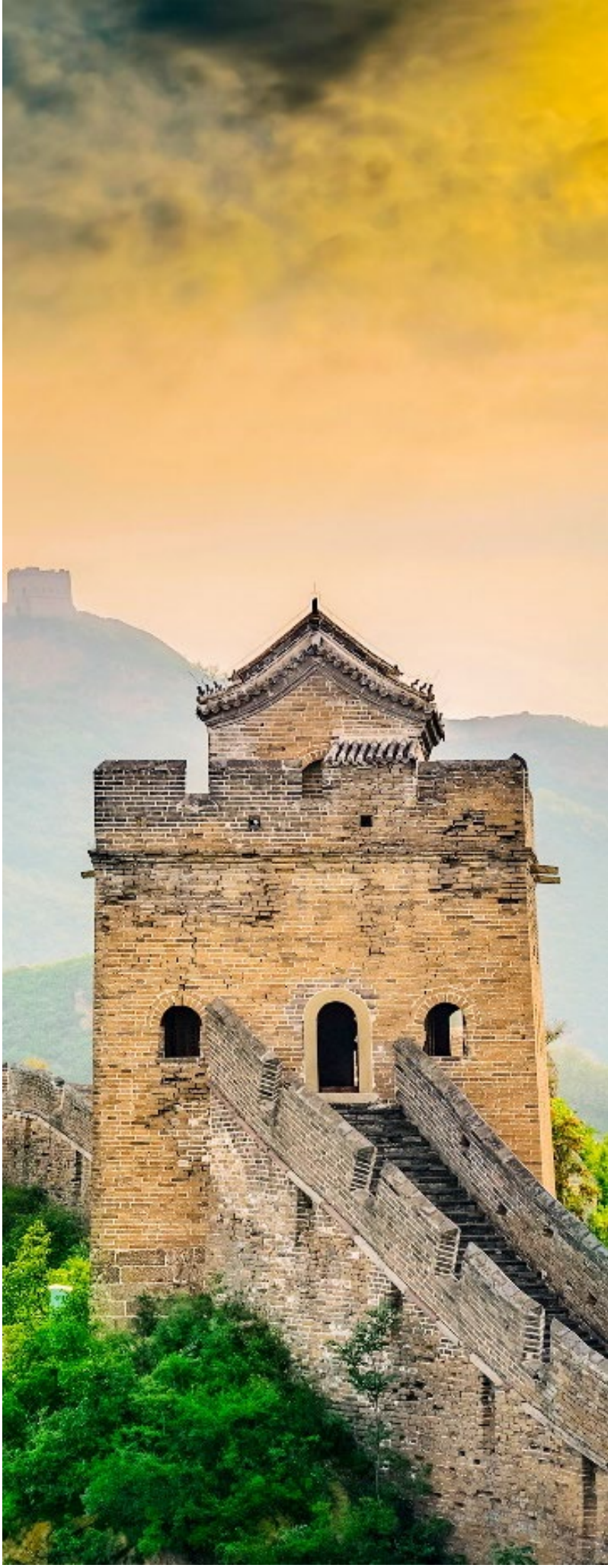
- Yes. The applicable conditions depend on the legal basis for the exemption. Where the benefit is claimed under an income tax treaty, the foreign sovereign investor must satisfy the relevant eligibility and substantive requirements set out in the treaty. Where the exemption is granted pursuant to a domestic ruling, the ruling must expressly and specifically provide for the exemption, and the investor must comply with the scope and conditions stipulated therein.

How does the FSI practically obtain relief under the exemption?

- Relief is obtained through China's treaty filing/notification procedures or by relying on a specific domestic ruling. In both cases, the FSI must provide prescribed documentation and comply with the conditions of the treaty or ruling, with relief typically applied at source subject to tax authority review.

Do tax treaties provide for any additional or separate relief?

- Yes. China's income tax treaties may provide additional or separate relief beyond domestic tax law, including exemptions or reduced taxation for certain categories of income derived by foreign sovereign investors. The availability and scope of such relief depend on the specific provisions of the applicable treaty, particularly those addressing government entities or sovereign functions, and are subject to satisfaction of the relevant treaty eligibility and substantive requirements. Treaty-based relief is assessed and applied on a case-by-case basis.



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Denmark

Does Denmark provide an exemption or reduction from any domestic tax for an FSI?

- The Danish sovereign fund exemption was abolished by law in September 2022, and dividends declared from 1 March 2023 have been subject to withholding tax at source (subject to treaty relief).

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Current Danish regulation does not allow exemption, but exemptions/relief may be available for FSIs under applicable tax treaties.

What tax is exempt or reduced?

- Not applicable since the abolition of the sovereign fund exemption.

Are there any criteria to qualify?

- Generally, in order to have qualified for the exemption under domestic law, the FSI must be an integral part of the government.

How does the FSI practically obtain relief under the exemption?

- Given the abolition of the FSI tax exemption under domestic law, there is no longer an opportunity to make an application for an exemption certificate. Any claims related to the time before 1 March 2023 may be reclaimed.

Do tax treaties provide for any additional or separate relief?

- Yes, some tax treaties may provide for relief. For example, the Denmark – Kuwait tax treaty contains a specific provision for the relevant FSIs.



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France

Does France provide an exemption or reduction from any domestic tax for an FSI?

- Yes, under certain conditions. With respect to dividends and interest, France provides for a withholding tax exemption:
  i. The withholding tax exemption could be issued for the benefit of:
     a. International Organizations;
     b. Sovereign States (i.e., currently federal level only); and
     c. Central Banks of Sovereign States.

     The corresponding securities must be held in a bank account opened with a bank established in France or in the EU. However, the eligible FSI is not entitled to the withholding tax exemption if it has control over the French entity issuing the securities.
  ii. The withholding tax exemption could be issued via a ruling from the French Tax Authority prior to any investment by foreign public institutions. Direct investments that provide control over the French entity issuing the securities are also permitted via a ruling prior to the investment for:
     a. International Organizations;
     b. Sovereign States (i.e., currently federal level only);
     c. Central Banks of Sovereign States; and
     d. Foreign Public Financial Institutions.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Both domestic tax law and tax treaty.

What tax is exempt or reduced?

- In addition to the above-mentioned exemptions, there may be a stamp duty exemption on certain financial transactions and transfers of corporate rights resulting from specific repurchase agreements.



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France (Continued)

Are there any criteria to qualify?

- There is no legal definition for an FSI. In practice, the French Tax Authorities are more reluctant to apply the sovereign exemptions when the FSI is a separate legal entity.

How does the FSI practically obtain relief under the exemption?

- The FSI should apply for the exemption from the French Tax Authorities. Claiming an exemption for real estate gains or real estate income is unusual.

Do tax treaties provide for any additional or separate relief?

- Yes, certain tax treaties include specific references to FSIs or other foreign sovereign entities.
- Additionally, under the same process as for dividends and interest, France provides for a withholding tax exemption with respect to capital gains realized on:
  i. Real estate assets (Article 244 bis A of the FTC); and
  ii. Securities (Article 244 bis B of the FTC).
- There is no definition for FSIs that are entitled to the above-mentioned withholding tax exemptions (i.e., dividends, interest, and capital gains). However, the exemptions are generally applied solely at the federal level and not to state entities. Some specific exemptions can also apply to employees of an FSI.



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Germany

Does Germany provide an exemption or reduction from any domestic tax for an FSI?

- In general, there are no special regulations or definitions for FSIs in German tax law. In addition, there are no domestic tax exemptions for foreign governments or their agencies and instrumentalities.
- An FSI generally would not qualify as an Investment Fund under the definition of the German Investment Tax Act.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Not applicable.

What tax is exempt or reduced?

- Not applicable.

Are there any criteria to qualify?

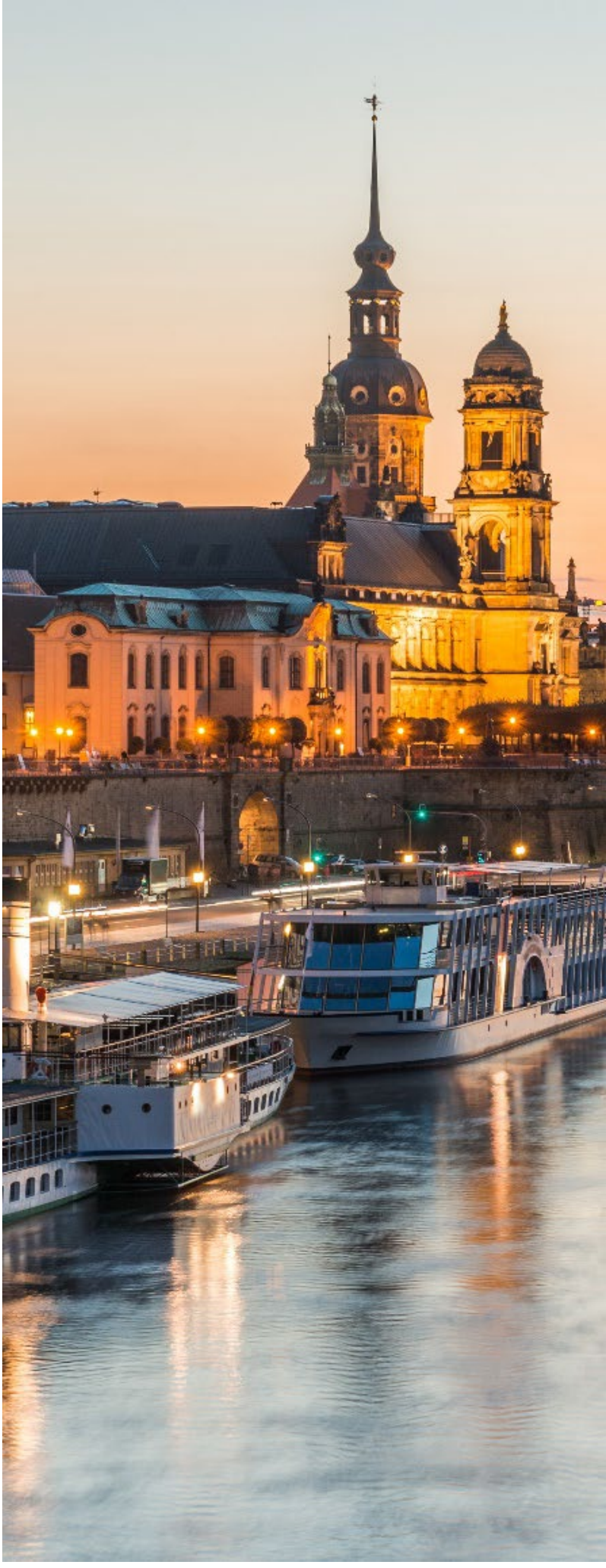
- Not applicable.

How does the FSI practically obtain relief under the exemption?

- Not applicable.

Do tax treaties provide for any additional or separate relief?

- Prior to the end of 2021, there was only one German income tax treaty that provided for a reduced rate or an exemption, which was the Germany – UAE treaty. However, the Germany – UAE treaty has expired, with no renewal process currently underway.



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Hong Kong (SAR), China

Does Hong Kong provide an exemption or reduction from any domestic tax for an FSI?

- Yes. Hong Kong may provide full exemption from profits tax for FSIs in certain circumstances, primarily through its territorial source basis of taxation and specific statutory exemption regimes, rather than through a general sovereign immunity provision. In addition, certain FSIs may benefit from fund-level exemption regimes where the statutory conditions are satisfied.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- The relief is provided under domestic tax law, principally: Section 14 of the Inland Revenue Ordinance (IRO) (territorial tax system – only Hong Kong-sourced profits are taxable); and specific statutory exemption regimes under the IRO (i.e., the Unified Fund Exemption regime and related provisions). Hong Kong does not provide a standalone sovereign immunity exemption under its domestic tax law. Any relief is rules-based and codified in legislation rather than granted administratively.

What tax is exempt or reduced?

- Where applicable, the exemption or non-taxation typically applies to profits tax on income or gains that are not sourced in Hong Kong under the territorial sourcing rules; and/or profits tax on qualifying investment income and gains derived through structures that meet the statutory requirements of an applicable exemption regime (i.e., qualifying fund transactions). Hong Kong does not levy withholding tax on dividends or interest, and it generally does not impose capital gains tax as a separate category of tax.



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Hong Kong (SAR), China (Continued)

Are there any criteria to qualify?

- Yes. Qualification depends on the legal basis relied upon:
  i. Territorial source principle: the FSI must demonstrate that the relevant profits are not arising in or derived from Hong Kong, based on established source-of-profits principles.
  ii. Statutory exemption regimes (i.e., fund-level exemptions): the investor or investment vehicle must satisfy specific conditions set out in the IRO, which may include meeting the statutory definition of a "fund"; restrictions on qualifying transactions and assets; structural and ownership requirements; and compliance with anti-avoidance and documentation rules.
  iii. There is no automatic exemption solely by virtue of sovereign or state ownership.

How does the FSI practically obtain relief under the exemption?

- Relief is generally obtained through: self-assessment and filing position in the profits tax return, supported by analysis of source of income and/or satisfaction of statutory exemption criteria; and where appropriate, application for an advance ruling from the Inland Revenue Department (IRD) to obtain certainty regarding source, qualification, or exemption treatment. Hong Kong relies on a post-assessment review and objection framework, rather than advance concessionary approvals.

Do tax treaties provide for any additional or separate relief?

- Generally, no additional or separate relief specific to FSIs is provided under Hong Kong's tax treaties. Hong Kong's comprehensive double taxation arrangements (DTAs): primarily allocate taxing rights and reduce foreign withholding tax imposed by treaty partners; and do not typically contain special sovereign immunity or sovereign investor exemption articles. In practice, most tax outcomes for FSIs investing through Hong Kong depend on Hong Kong domestic law, rather than treaty-based exemptions.



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India

Does India provide an exemption or reduction from any domestic tax for an FSI?

- Yes. Section 11, read with Schedule V of the Income-tax Act, 2025 (the "ITA"), provides a tax exemption to an FSI on income earned from eligible/prescribed investments in specified Indian infrastructure enterprises or in other specified entities having investment in/lending to said specified Indian infrastructure enterprises (as mentioned in Schedule V of the ITA).
- Such investments must be made during the period 1 April 2020 to 31 March 2030 and held for at least three years, subject to certain additional conditions.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Domestic tax law.

What tax is exempt or reduced?

- Dividends, interest, long-term capital gains (irrespective of whether or not such capital gains are deemed as short-term capital gains due to specific provisions), and specified sums received from a business trust, arising from eligible investments made by a qualifying FSI are exempt or reduced.

Are there any criteria to qualify?

To qualify, the FSI must meet the following conditions:

Sovereign Wealth Fund (SWF):

- The SWF needs to be wholly owned and controlled, directly or indirectly, by the government of a foreign country, and set up and regulated under the laws of such foreign country.
- The earnings of the SWF must be credited either to the account of the government of that foreign country or to any other account designated by that government, and no portion of the earnings may inure to the benefit of any private person.
- The assets of the SWF vest in the government of such foreign country upon dissolution.



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India (Continued)

Are there any criteria to qualify? (continued)

Pension Fund (PF):

- The PF is created or established under the law of a foreign country, including any law made by its political constituents, whether a province, state, or local body, by whatever name called.
- The PF is not liable to tax in such foreign country or, if liable to tax, has been granted an exemption from taxation on all of its income by such foreign country.

Apart from the above, following conditions must also be fulfilled:

- The FSI does not participate in the day-to-day operations of the investee, although a monitoring mechanism to protect the investment in the investee is permitted.
- The FSI is specified by the Central Government by notification in the Official Gazette.

How does the FSI practically obtain relief under the exemption?

- The FSI claiming the exemption must file an application form with the Central Board of Direct Taxes, Department of Revenue.
- On an ongoing basis, the FSI will be required to file quarterly statements, a prescribed accountant's certificate, and an annual income tax return in India.

Do tax treaties provide for any additional or separate relief?

- Certain tax treaties provide for a specific exemption or relief for specified FSIs or foreign sovereign entities.

Please note that the availability of tax treaty benefits is subject to the fulfillment of prescribed conditions.



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Indonesia

Does Indonesia provide an exemption or reduction from any domestic tax for an FSI?

- Indonesia does not provide a general or blanket tax exemption specifically for FSIs. In principle, FSIs are treated as ordinary non-resident taxpayers, unless relief is available under specific provisions (i.e., tax treaty benefits).

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- **Domestic tax law:** No exemption or reduction available under domestic law.
- **A bilateral income tax treaty:** Yes, this is the primary mechanism, where reduced withholding tax rates or exemptions may be available, depending on the treaty and the status of the investor.
- **Another source:** None that we are aware of, except possibly participation through Indonesia's sovereign wealth fund (INA) framework, where certain tax facilities may apply, subject to the structure and applicable regulations.

What tax is exempt or reduced?

- This depends on the applicable framework, but generally, withholding tax on dividends, interest, and certain other payments may be reduced under an applicable tax treaty.

Are there any criteria to qualify?

- Yes, access to treaty relief is generally subject to meeting tax treaty requirements, including residency, beneficial ownership, and provision of the relevant documentation (i.e., Form DGT – Directorate General of Taxes certificate of domicile); and satisfying the substance and anti-abuse requirements.

How does the FSI practically obtain relief under the exemption?

- In Indonesia, an FSI does not obtain relief automatically. Relief (typically under a tax treaty) is obtained at the point of withholding or through a refund mechanism, depending on timing and documentation.

Do tax treaties provide for any additional or separate relief?

- Indonesia's tax treaties do not provide a standalone or special category of relief specifically because an investor is a foreign sovereign investor (FSI). Treaty relief is available only to the extent the FSI qualifies as a resident and beneficial owner under the relevant treaty, and the relief applies in the same manner as it would for any other qualifying non-resident taxpayer.



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Ireland

Does Ireland provide an exemption or reduction from any domestic tax for an FSI?

- Ireland does not provide any specific exemption or relief for FSIs under its domestic tax law. However, the Irish tax authorities have granted reciprocal withholding tax exemptions to foreign sovereigns in the past on a case-by-case basis.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Not applicable.

What tax is exempt or reduced?

- Not applicable.

Are there any criteria to qualify?

- Not applicable.

How does the FSI practically obtain relief under the exemption?

- Not applicable.

Do tax treaties provide for any additional or separate relief?

- Ireland has a comprehensive network of tax treaties that provide favorable dividend and interest withholding tax rates. Specific relief may be available to FSIs under certain tax treaties concluded with Ireland.



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Italy

Does Italy provide an exemption or reduction from any domestic tax for an FSI?

- Italy does not provide any specific exemption or relief for FSIs.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Not applicable.

What tax is exempt or reduced?

- Not applicable.

Are there any criteria to qualify?

- Not applicable.

How does the FSI practically obtain relief under the exemption?

- Not applicable.

Do tax treaties provide for any additional or separate relief?

- Specific relief may be available to government entities under certain income tax treaties.



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Japan

Does Japan provide an exemption or reduction from any domestic tax for an FSI?

- Japan does not provide any specific exemption or relief for FSIs.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Not applicable.

What tax is exempt or reduced?

- Not applicable.

Are there any criteria to qualify?

- Not applicable.

How does the FSI practically obtain relief under the exemption?

- Not applicable.

Do tax treaties provide for any additional or separate relief?

- Specific relief may be available to FSIs under certain income tax treaties.



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Luxembourg

Does Luxembourg provide an exemption or reduction from any domestic tax for an FSI?

- Luxembourg does not provide any specific exemption or relief for FSIs.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Not applicable.

What tax is exempt or reduced?

- Not applicable.

Are there any criteria to qualify?

- Not applicable.

How does the FSI practically obtain relief under the exemption?

- Not applicable.

Do tax treaties provide for any additional or separate relief?

- Not specifically for FSIs.



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Malaysia

Does Malaysia provide an exemption or reduction from any domestic tax for an FSI?

- No. Malaysia does not provide any specific exemption or reduction from any domestic tax for FSIs.
- Malaysian withholding tax may apply to certain investment income paid to non-resident investors (including FSIs), such as interest income. However, dividends paid to non-residents should not be subject to withholding tax in Malaysia.
- Single-tier dividends received by individual shareholders exceeding RM100,000 in a year of assessment may be subject to dividend tax, effective from 1 January 2025.
- Capital gains from the disposal of investments may be subject to Real Property Gains Tax or Capital Gains Tax in Malaysia.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Not applicable.

What tax is exempt or reduced?

- Not applicable.

Are there any criteria to qualify?

- Not applicable.

How does the FSI practically obtain relief under the exemption?

- Although there are no specific tax exemptions for FSIs, non-residents, including FSIs, may be exempt from withholding tax on interest income that relates to specific loans approved by the Malaysian Ministry of Finance (MOF) or interest of the type referred to in the relevant income tax treaties with Malaysia. Such non-resident investors, including FSIs, must (1) provide a copy of the certificate of residency to the Malaysian payer and (2) obtain specific approval from the MOF in order to obtain the withholding tax exemption.

Do tax treaties provide for any additional or separate relief?

- Yes, certain tax treaties may provide for: (1) a specific withholding tax exemption on interest income derived from certain loans or credit agreements, if certain conditions are met; or (2) income tax exemption on capital gains derived from the disposal of investments, if certain conditions are met.



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Mexico

Does Mexico provide an exemption or reduction from any domestic tax for an FSI?

- Yes. Mexican law provides a reduced withholding tax rate on interest paid to FSIs, assuming specific conditions are met. Certain tax treaties also provide specific exemptions.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Domestic law and bilateral income tax treaty.

What tax is exempt or reduced?

- Interest withholding tax.

Are there any criteria to qualify?

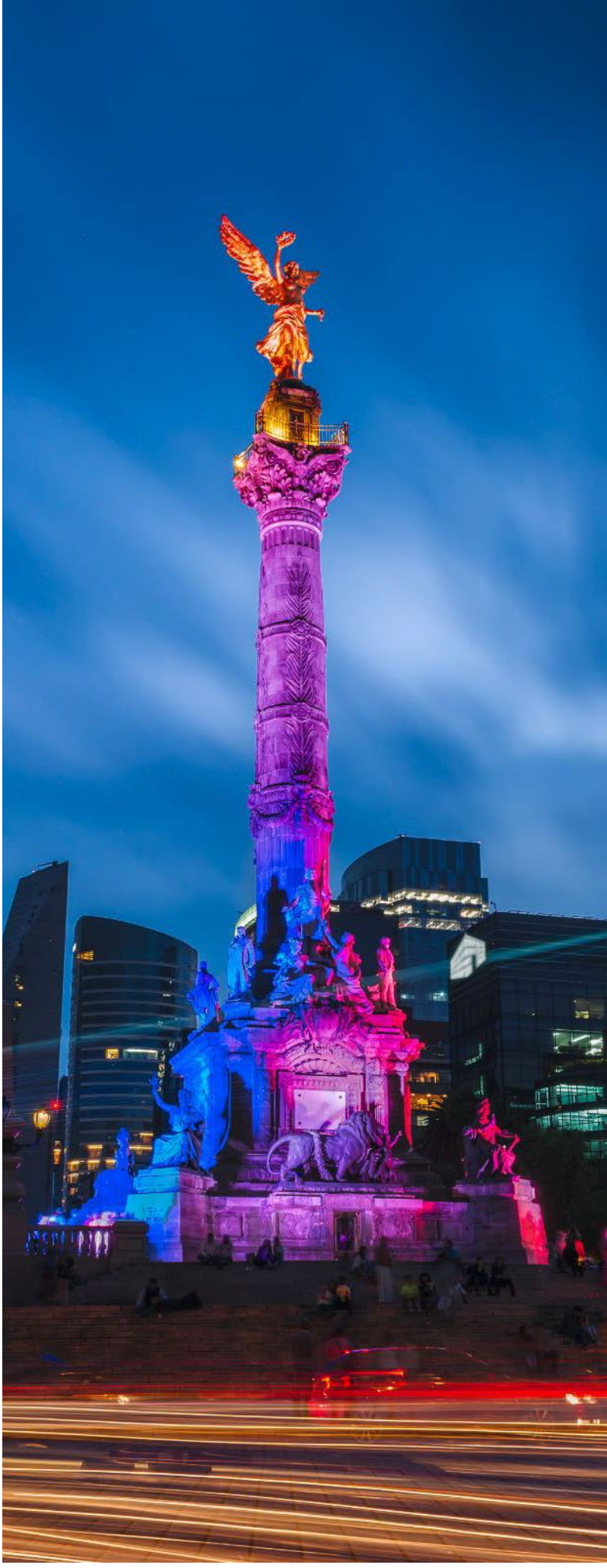
- To qualify, the FSI must be the beneficial owner of the interest and a resident of a country with which Mexico has an income tax treaty. The FSI must be entitled to benefits under that treaty and provide specific documentation to the Mexican Tax Authority to confirm the structure (where applicable).

How does the FSI practically obtain relief under the exemption?

- There is no application process, and the representation is self-certified.

Do tax treaties provide for any additional or separate relief?

- Certain income tax treaties may provide relief for specific FSIs.



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Netherlands

Does the Netherlands provide an exemption or reduction from any domestic tax for an FSI?

- Under Dutch domestic tax law, there is no explicit exemption for FSIs such as foreign governments and government agencies. Governmental bodies are generally subject to corporate income tax to the extent they conduct a business. This should be assessed on a case-by-case basis. However, certain public domain activities (such as healthcare and pensions) may be eligible for exemptions, subject to specific requirements.
- Under Dutch tax law, a foreign governmental agency or institution could apply for such exemptions, as long as the agency is comparable to a Dutch counterpart. For example, claiming an exemption from dividend withholding tax may be available if the foreign investor would also be exempt from corporate income tax had the investor been a resident of the Netherlands. These requirements are assessed on a case-by-case basis, based on the specific form and activities of the foreign agency or institution.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Domestic tax law and certain tax treaties.

What tax is exempt or reduced?

- Exemption from corporate income tax (which includes the capital gains tax) and withholding tax may be available. For VAT purposes, the regular rules generally apply to governments.
- The Netherlands does not currently apply stamp duties or a general interest withholding tax.
- On 1 January 2021, the Withholding Tax Act 2021 entered into force in the Netherlands. As of that date, a withholding tax applies to certain interest and royalty payments, and as of 2024, this tax also applies to certain dividend payments. The withholding tax applies to payments made by a Dutch resident entity and comparable foreign entities to a related entity in a low-tax jurisdiction and in EU-designated non-cooperative jurisdictions, as well as to certain abusive situations or in certain situations where payments are made to hybrid entities. The rate is equal to the highest corporate tax rate (in 2024, 2025, and 2026, this is 25.8%).

Are there any criteria to qualify?

- To qualify, the FSI must be comparable to a Dutch counterpart. In addition, there is an application process to obtain benefits.



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Netherlands (Continued)

How does the FSI practically obtain relief under the exemption?

- Relief is generally obtained by filing a refund request with the Dutch tax authorities or by claiming relief at source for dividend withholding tax. The authorities may request certain supporting documentation (i.e., a certificate of tax residency or legal support for the FSI being treated as a foreign investment body of the respective government).

Do tax treaties provide for any additional or separate relief?

- Certain tax treaties may provide a reduced rate or exemption for specific FSIs.



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New Zealand

Does New Zealand (NZ) provide an exemption or reduction from any domestic tax for an FSI?

- The New Zealand Diplomatic Privileges and Immunities Act 1968 contains a power to grant an exemption from taxation to other governments and their representatives in New Zealand. Under section 19 of the Act, the Minister of Foreign Affairs and Trade, with the concurrence of the Minister of Finance, may from time to time wholly or partially exempt from any public or local tax, duty, rate, levy, or fee any of the following Governments or persons (statutory language quoted as enacted in 1968, including references to “Her Majesty” and the masculine pronoun):
  - i. The Government of any State or the Government of any territory for whose international relations the Government of any such State is responsible;
  - ii. A representative or officer of the Government of any country other than New Zealand, or of any provisional Government, national committee, or other authority recognized by Her Majesty in right of New Zealand, if he is temporarily resident in New Zealand in accordance with any arrangement made with the Government of New Zealand;
  - iii. A member of the official or domestic staff, or of the family, of any person to whom paragraph (ii) applies.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- The exemption is provided pursuant to domestic tax law and certain tax treaties. However, the New Zealand Inland Revenue has historically taken a very limited view of when sovereign immunity from tax applies (unless specifically provided for under an income tax treaty).

What tax is exempt or reduced?

- Withholding tax on dividends and interest income is exempt or reduced under certain tax treaties. There is no specific exemption under domestic law.

Are there any criteria to qualify?

- The FSI must fall within one of the categories above; there are no further prescribed criteria, and any exemption is granted at the discretion of the Minister of Foreign Affairs and Trade, with the concurrence of the Minister of Finance, on a case-by-case basis.

How does the FSI practically obtain relief under the exemption?

- An application for an exemption from tax would be made to the New Zealand Inland Revenue.

Do tax treaties provide for any additional or separate relief?

- Yes, some tax treaties specifically name certain government entities as exempt.



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Norway

Does Norway provide an exemption or reduction from any domestic tax for an FSI?

- There is no domestic tax exemption for an FSI. As a starting point, the FSI would be assessed as an ordinary non-resident investor. There may be specific exemptions in tax treaties for government agencies, typically central banks and sovereign wealth funds.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Bilateral income tax treaty:
  i. Certain tax treaties provide for an exemption from withholding tax for certain dividend income that is beneficially owned by certain entities (i.e., the governments as defined in Article 10(3) of the tax treaty between Norway and the UK).
  ii. In some tax treaties, specific FSIs or foreign sovereign entities are named (typically central banks). In addition, certain statutory bodies, political subdivisions, and other institutions may be exempt from withholding tax, provided they are wholly or substantially owned by the government. Additionally, the competent authorities of Norway and the other contracting state may agree to provide benefits to certain entities.

What tax is exempt or reduced?

- Generally, withholding tax on dividends is exempt under the relevant tax treaties.

Are there any criteria to qualify?

- An FSI is typically defined under the tax treaty and may include regional as well as federal government entities.

How does the FSI practically obtain relief under the exemption?

- An exemption under a tax treaty can be obtained by registering for withholding relief with the depository. An FSI can also apply for a refund.

Do tax treaties provide for any additional or separate relief?

- Yes, some tax treaties specifically name certain government entities as exempt.



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Qatar

Does Qatar provide an exemption or reduction from any domestic tax for an FSI?

- In general, Qatar's tax legislation does not contain a specific definition of, or special tax regime applicable to, foreign sovereign investors. In addition, Qatari domestic tax law does not provide any explicit tax exemptions or reductions for foreign governments or foreign sovereign investors as such.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Not applicable.

What tax is exempt or reduced?

- As noted above, there are no domestic tax exemptions specifically available to foreign governments or foreign sovereign investors under Qatari tax law. However, limited relief may be available under certain bilateral tax treaties, depending on the treaty wording and the nature of the income. In practice, some treaties may grant preferential treatment to government bodies or public entities, particularly in respect of withholding tax on specific categories of income (such as interest).

Are there any criteria to qualify?

- Not applicable under domestic law.

How does the FSI practically obtain relief under the exemption?

- Qatar does not provide a sovereign-specific tax exemption. Any relief is obtained either because the income falls outside the scope of Qatar tax or by claiming benefits under an applicable tax treaty, where the investor qualifies as a treaty resident.

Do tax treaties provide for any additional or separate relief?

- No. Qatar's tax treaties do not provide sovereign-specific relief. Any treaty relief is general, based on residence and income type, and not on FSI status.



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Saudi Arabia

Does Saudi Arabia provide an exemption or reduction from any domestic tax for an FSI?

- No. Saudi Arabian tax law does not contain a specific definition of, or a dedicated exemption regime for, foreign sovereign investors. In principle, an FSI is treated in the same way as any other non-resident investor, and its Saudi-source income is taxed according to the nature and source of that income, unless relief is available under an applicable tax treaty.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Domestic tax law does not provide sovereign-specific relief. Any reduction or exemption would generally arise under an applicable bilateral income tax treaty, subject to the treaty terms and the investor qualifying as a treaty resident.

What tax is exempt or reduced?

- No tax is exempt or reduced specifically for FSIs. Non-Gulf Cooperation Council ("GCC")/non-Saudi-owned entities are subject to corporate income tax, while Saudi/GCC-owned entities are subject to zakat instead. Withholding tax applies to Saudi-source payments made to non-residents, including dividends, interest, royalties, and certain service fees. Where a treaty applies, these withholding tax rates may be reduced.

Are there any criteria to qualify?

- There are no sovereign-specific criteria, as Saudi Arabia does not grant a preferential regime for FSIs. Where treaty relief is claimed, qualification depends on the investor's treaty residence, beneficial ownership of the income, the absence of a Saudi permanent establishment to which the income is attributable, and the provision of supporting documentation.

How does the FSI practically obtain relief under the exemption?

- There is no domestic sovereign exemption to claim. Any treaty relief is obtained through the standard procedures of the Zakat, Tax and Customs Authority ("ZATCA"), generally by the Saudi payer applying the treaty rate at source or through a subsequent refund claim, supported by a certificate of tax residence and other prescribed documentation.

Do tax treaties provide for any additional or separate relief?

- Generally, no. Saudi Arabia's tax treaties do not provide sovereign-specific relief. Relief is available only through standard treaty provisions, such as the allocation of taxing rights, permanent establishment rules, reduced withholding tax rates, and elimination of double taxation. Certain treaties may, however, refer to the government, its political subdivisions, or wholly owned agencies of a contracting state.



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Singapore

Does Singapore provide an exemption or reduction from any domestic tax for an FSI?

- Singapore provides a tax exemption under the section 13V regime for FSIs upon approval by the Monetary Authority of Singapore.
- The exemption is currently available through 31 December 2029.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Domestic tax law.

What tax is exempt or reduced?

- The 13V exemption is for an approved FSI on income in respect of designated investments arising from its fund investments managed in Singapore, as well as provision of fund management and investment advisory services in Singapore.
- The 13V exemption also includes withholding tax on interest payments to non-residents subject to meeting certain conditions.

Are there any criteria to qualify?

- The 13V exemption may be available for an FSI that is wholly owned by the government or that is an international organization, subject to approval by the Monetary Authority of Singapore.

How does the FSI practically obtain relief under the exemption?

- The 13V exemption may be available for a period of up to 10 years. The exemption is administered by the Monetary Authority of Singapore on an approval basis.

Do tax treaties provide for any additional or separate relief?

- There is no additional or separate relief specifically for FSIs. However, tax treaties may provide for a withholding tax exemption on interest paid to the government of the contracting states. This definition may be broad enough to cover sovereign wealth funds. For example, under the Singapore – Korea tax treaty, GIC and KIC are specifically named in the treaty as being the governments of Singapore and Korea, respectively.



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South Africa

Does South Africa provide an exemption or reduction from any domestic tax for an FSI?

- South Africa does not provide any specific exemption or relief for FSIs.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Not applicable.

What tax is exempt or reduced?

- Not applicable.

Are there any criteria to qualify?

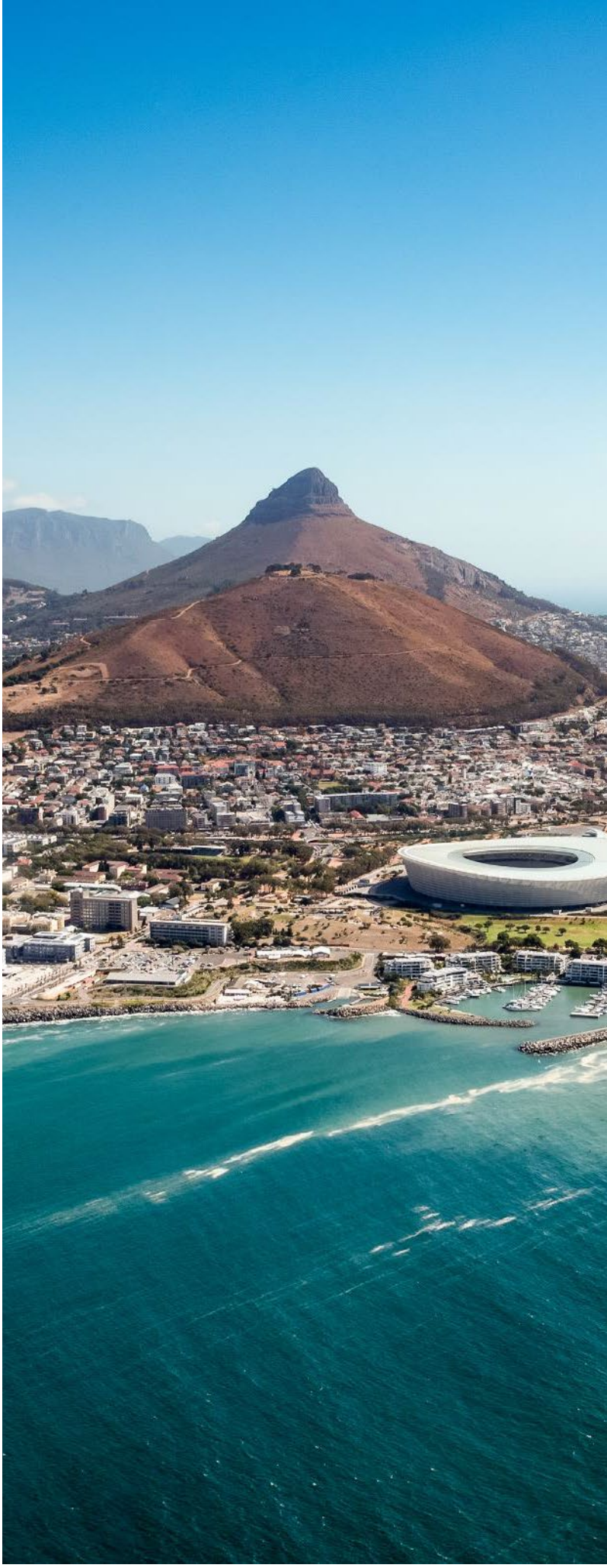
- Not applicable.

How does the FSI practically obtain relief under the exemption?

- Not applicable.

Do tax treaties provide for any additional or separate relief?

- Certain income tax treaties may provide relief for specific FSIs.



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South Korea

Does South Korea provide an exemption or reduction from any domestic tax for an FSI?

- There is no exemption or reduction from any domestic tax specifically for an FSI.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Not applicable.

What tax is exempt or reduced?

- Not applicable.

Are there any criteria to qualify?

- Not applicable.

How does the FSI practically obtain relief under the exemption?

- Not applicable.

Do tax treaties provide for any additional or separate relief?

- Certain income tax treaties may provide relief for specific FSIs.



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Spain

Does Spain provide an exemption or reduction from any domestic tax for an FSI?

Applicable tax legislation

- Contrary to certain foreign investment and pension funds which are entitled to certain tax reliefs, the Spanish domestic tax legislation does not, of itself, provide for any specific exemptions or favorable regimes for FSIs holding Spanish investments. Therefore, as a general rule, Spanish income obtained by FSIs is subject to withholding tax in Spain (generally, 19% withholding tax rate).
- However, certain items of income obtained by FSIs without a permanent establishment could be exempt under the following rules:
- Under the Spanish domestic legislation (irrespective of the nature of the investor):
  i. Income derived from Spanish public and private qualified debt;
  ii. Securities issued in Spain by non-residents (i.e., matador bonds);
  iii. Disposals of securities and investment funds performed in a Spanish official regulated market; and
  iv. Interest income and certain capital gains obtained by European Union or European Economic Area member states.
- Furthermore, in recent years Spain has entered into double tax treaties (or updated existing ones) with certain jurisdictions granting favorable tax regimes to dividends and/or interest obtained by FSIs. The most relevant jurisdictions with these reliefs are Bahrain; China; Hong Kong (SAR), China; Kuwait; Oman; Qatar; Saudi Arabia; Singapore; and the UAE.

Refund based on the Spanish case law and infringement of the EU legislation

- Additionally, in cases where the aforementioned exemptions are not applicable, in recent years several FSIs have obtained substantial withholding refunds based on the comparability of foreign FSIs with Spanish FSIs (treated as tax exempt) and the EU legislation.
- The Spanish Supreme Court, in a judgment issued in 2021, concluded that withholding taxes applied under the Spanish domestic legislation to dividends derived by foreign FSIs entail an infringement of the EU principle of free movement of capital when such FSI is comparable in nature to Spanish sovereign organizations, treated as tax exempt.
- Under the same reasoning, the Spanish High Court (Audiencia Nacional) issued a judgment in 2022 recognizing the right of a public investment authority established outside the EEA to receive dividends free of any Spanish withholding tax.



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Spain (Continued)

Does Spain provide an exemption or reduction from any domestic tax for an FSI? (continued)

- All the above, together with the applicable European Court of Justice case law, implies a significant opportunity for FSIs to reclaim (together with the relevant late-payment interest) dividend and interest withholding tax suffered in Spain within the statute of limitations (generally four years).

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- See details above.

What tax is exempt or reduced?

- The Spanish Non-Resident Income Tax (direct tax applicable to non-residents obtaining Spanish-source income).

Are there any criteria to qualify?

- For exemptions contained in the applicable tax legislation (both domestic law and tax treaties), specific requirements should be met depending on the item of income obtained or the specific details of each tax treaty.
- For refunds based on the Spanish/EU case law, the FSI should be comparable to a Spanish FSI, based on a comparability analysis that should be performed.

How does the FSI practically obtain relief under the exemption?

- As a general rule, for exemptions contained in the applicable tax legislation (both domestic law and tax treaties), a refund at source is available provided the relevant tax residence certificates are submitted in due time and manner.
- For refunds based on the Spanish/EU case law, a tax claim procedure should be initiated to obtain the withholding refunds.

Do tax treaties provide for any additional or separate relief?

- See details above.



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Sweden

Does Sweden provide an exemption or reduction from any domestic tax for an FSI?

- Historically, Sweden did not provide a specific exemption or reduction from Swedish income taxation for FSIs. However, in its decision on 29 July 2024 (case C-39/23), the Court of Justice of the European Union (CJEU) decided that it is contrary to the free movement of capital to levy withholding tax on dividends from Swedish companies to foreign public pension institutions, while corresponding dividends to Swedish public pension institutions are tax exempt. Thus, the Swedish rules were contrary to EU law, and it should be possible for foreign public pension institutions – whether resident in the EU or not – and other similar public investors to request a full refund of withholding tax suffered or to receive Swedish-sourced dividends without withholding tax.

- On 19 December 2024 (case 664-669-22 et al.), the Supreme Administrative Court (SAC) ruled in accordance with the judgment of the CJEU. The cases have been referred to the Swedish Tax Agency (STA) for examination of whether the pension institutions are also entitled to interest on the amounts repaid.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- In January 2026, a Swedish government bill (prop. 2025/26:91) was published proposing an exemption from withholding tax on dividends for foreign states and for entities corresponding to Swedish regions, municipalities, and municipal federations. The bill was based on case C-39/23. Parliament approved the bill on 20 May 2026, and the amendments entered into force on 1 July 2026. The exemption applies to entities resident in the EEA or in a state that has an information exchange agreement with Sweden.

What tax is exempt or reduced?

- Withholding tax on dividends from Swedish companies to foreign public pension funds.

Are there any criteria to qualify?

- Foreign public bodies not resident in Sweden. Comparability criteria such as the collection of pension expenditure, the payment of pensions, and the legal form of the fund in question do not constitute relevant differentiation criteria and are thus not significant for objective comparability in this context. Thus, there is no requirement that a foreign public pension institution must correspond in detail to the function, purpose, and organization of the AP funds, i.e., be considered objectively comparable. The scope of the ruling could possibly be extended to other types of state and municipal investors, such as national banks, state investment funds, and municipalities.



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Sweden (Continued)

How does the FSI practically obtain relief under the exemption?

- To the extent that any relief is available, the relief would be achieved through filing a tax return or application for a refund of withholding tax. The review period for such refunds is five years, i.e., the application for refund of withholding tax paid in 2021 must be submitted to the STA no later than 31 December 2026.

Do tax treaties provide for any additional or separate relief?

- Certain tax treaties may provide relief depending on the specific facts and circumstances of the FSI (e.g., the purpose of the investments, residency, legal structure of the investment vehicle, etc.). For example, an FSI may qualify as a “pension fund” under the Sweden – United States tax treaty.



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Switzerland

Does Switzerland provide an exemption or reduction from any domestic tax for an FSI?

- No. Swiss domestic tax law does not provide a specific exemption from, or reduction of, Swiss taxes solely on the basis that the investor qualifies as a foreign sovereign investor. However, relief from certain Swiss withholding taxes may be available under applicable double taxation treaties, subject to the terms and conditions of the relevant treaty.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Domestic tax law: Not applicable.
- Bilateral income tax treaty: Potentially, depending on the applicable treaty. Relief is generally available only through a reclaim procedure; relief at source is not available.

What tax is exempt or reduced?

- Where treaty relief is available, it typically applies to Swiss withholding taxes on dividends and interest (and, where relevant, royalties), in accordance with the relevant double tax treaty.

Are there any criteria to qualify?

- Yes. Eligibility for treaty relief depends on the specific provisions of the applicable double taxation treaty and the Swiss tax authorities' interpretation of beneficial ownership and related anti-abuse principles. In practice, a strict documentation and substantiation process applies, and extensive supporting documentation is required to successfully claim a refund of Swiss withholding tax.

How does the FSI practically obtain relief under the exemption?

- Relief is obtained only through a refund (reclaim) procedure with the Swiss Federal Tax Administration (SFTA). Switzerland does not generally grant treaty relief at source to foreign sovereign investors.

Do tax treaties provide for any additional or separate relief?

- No separate or additional relief is generally available under Swiss tax treaties beyond the reduction or exemption of Swiss withholding tax on dividends and interest (and, where relevant, royalties).



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Türkiye

Does Türkiye provide an exemption or reduction from any domestic tax for an FSI?

- Türkiye does not provide any specific exemption or relief for FSIs.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Not applicable.

What tax is exempt or reduced?

- Not applicable.

Are there any criteria to qualify?

- Not applicable.

How does the FSI practically obtain relief under the exemption?

- Not applicable.

Do tax treaties provide for any additional or separate relief?

- Certain income tax treaties may provide relief for specific FSIs.



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United Arab Emirates

Does the United Arab Emirates ("UAE") provide an exemption or reduction from any domestic tax for an FSI?

- There are no specific exemptions or reliefs under UAE domestic corporate tax law for foreign sovereign or government investors. Relief commonly accessed by sovereign investors arises where the investor uses an exempt person structure (e.g., a Qualifying Investment Fund) or is a pension/social security fund that meets prescribed conditions.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Not applicable.

What tax is exempt or reduced?

- Not applicable.

Are there any criteria to qualify?

- Not applicable.

How does the FSI practically obtain relief under the exemption?

- Not applicable.

Do tax treaties provide for any additional or separate relief?

- UAE tax treaties with certain jurisdictions provide specific relief for foreign governments.
- UAE-sourced income paid to a non-resident is currently subject to a 0% domestic withholding tax, and there is currently no obligation to make any filings. Accordingly, there is generally no practical need to rely on double tax treaty exemptions for UAE withholding tax purposes.
- For the avoidance of doubt, there is also no requirement to register for UAE corporate tax where a non-resident has no UAE permanent establishment, no nexus (i.e., no income from UAE immovable property), and no UAE tax residence.
- Developments in the UAE corporate tax framework should be monitored on an ongoing basis.



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United Kingdom

Does the United Kingdom ("UK") provide an exemption from or reduction of any domestic tax for an FSI?

- The UK recognizes the principle of sovereign immunity whereby one sovereign state does not seek to apply its domestic tax laws over another sovereign state. In accordance with this principle, current UK practice is to regard all income and gains which are beneficially owned by the head of state and the government of a foreign state as immune from direct taxes.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Domestic tax law.

What tax is exempt or reduced?

- Direct taxes only (income tax, corporation tax, etc.) are exempt or reduced. Indirect taxes are not exempt (VAT, stamp duty, etc.).

Are there any criteria to qualify?

- Sovereign immunity from taxation does not apply to income arising to and beneficially owned by a legal entity that is separate and distinct from the foreign government, even though that government may own the whole of the share capital.

How does the FSI practically obtain relief under the exemption?

- If the government qualifies, it must apply to His Majesty's Revenue and Customs (HMRC) for a ruling through a letter of application and supporting documentation.

Do tax treaties provide for any additional or separate relief?

- Any relief is generally only provided for under domestic tax law.



*The UK Government has announced potential changes to and codification of the rules on Sovereign Immunity. These changes are likely to be significant in nature as they seek to limit the scope of the above-described UK sovereign tax exemption. As of the time of this publication, the UK Government was holding a public consultation, and we expect the final rules to reflect a limitation on active income, non-passive investments, and gains from the sale of real property.

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United States

Does the United States ("US") provide an exemption or reduction from any domestic tax for an FSI?

- Yes. Domestic law (Internal Revenue Code ("IRC") Section 892) provides a federal income tax exemption to integral parts and controlled entities of a foreign government assuming certain qualifications are met.
- IRC Section 893 provides a federal income tax exemption to the US compensation of employees of a foreign government or international organization for official services assuming certain conditions are met.

Is the exemption provided pursuant to domestic tax law, bilateral income tax treaty, or from another source?

- Domestic tax law.

What tax is exempt or reduced?

- The tax exemption generally applies to withholding tax on dividends, interest, and capital gains related to the disposal of certain securities (including certain minority interests in real property), and income from financial instruments held in the execution of governmental financial and monetary policy.
- However, the FSI claiming the Section 892 benefit cannot perform any commercial activities either within or outside the US.
- Note that "commercial activity" is broadly defined, and there is considerable case law and regulations providing guidance on the Section 892 rules.

Are there any criteria to qualify?

- Section 892 exemptions may apply to an integral part of the government or a wholly owned entity established in the same jurisdiction as the foreign government.

How does the FSI practically obtain relief under the exemption?

- The FSI obtains relief by self-certification, but in practice, FSIs generally take advice from tax counsel on qualification for Section 892. If the FSI qualifies, it must certify its foreign exempt status by completing Form W-8EXP, Certificate of Foreign Government or Other Foreign Organization for United States Tax Withholding and Reporting. This certificate is generally provided to a counterparty or withholding agent in the US to confirm the applicable exemption on payments/distributions otherwise subject to US withholding tax.

Do tax treaties provide for any additional or separate relief?

- Some tax treaties may specifically identify a foreign government (and certain wholly owned agencies) as qualifying for an exemption under the respective income tax treaty.



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