

# France Announces Activation of MFN Clause in Tax Treaty with Kenya

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Report from our correspondent Pierre Burg

On 27 December 2023, the French tax authorities announced the activation of the [most-favoured nation \(MFN\) clause](#) provided for by article 28 of the [France - Kenya Income Tax Treaty \(2007\)](#), following the entry into force of the [Kenya - Korea \(Rep.\) Income Tax Treaty \(2014\)](#) on 3 April 2017. Consequently, with effect from 3 April 2017, the withholding tax rate applicable to dividends paid by a company resident in France or Kenya and beneficially owned by a resident of the other state may not exceed:

- 8% of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 25% of the capital of the company paying the dividends; and
- 10% of the gross amount of the dividends in all other cases.

The 8% rate limit applicable to dividends paid to parent companies replaces the 10% limit previously applicable under article 10 of the [France - Kenya Income Tax Treaty \(2007\)](#). The withholding tax rate limits applicable to interest and royalties remain unchanged.

The French tax authorities made the announcement through an update of their [guidelines](#) on the treaty with Kenya.