

Luxembourg and United States Sign Competent Authority Arrangement Under Tax Treaty Regarding Interpretation of NAFTA and USMCA

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Report from IBFD Tax Treaties Unit

According to an update of 31 July 2023, published by the US Internal Revenue Service (IRS), Luxembourg and the United States signed a competent authority arrangement under the [Luxembourg - United States Income and Capital Tax Treaty \(1996\)](#), as amended by the 2009 protocol, on 1 September 2020.

The [competent authority arrangement](#) regards the interpretation of the term "North American Free Trade Agreement" referred to in subparagraphs a), b) and d) of [paragraph 4](#), subparagraph b) of [paragraph 6](#) and subparagraph b) of [paragraph 8](#) of article 24 (Limitation on benefits) of the amended treaty and the arrangement explains that the references to the North American Free Trade Agreement (NAFTA) shall be understood as references to the United States-Mexico-Canada Agreement (USMCA) upon entry into force of the USMCA.

This information only recently became available to IBFD.