

**No. 44040. United Kingdom of Great Britain and Northern Ireland and Japan**

CONVENTION BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND JAPAN FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL GAINS. LONDON, 2 FEBRUARY 2006 [*United Nations, Treaty Series, vol. 2447, I-44040.*]

PROTOCOL AMENDING THE CONVENTION BETWEEN JAPAN AND THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL GAINS. LONDON, 17 DECEMBER 2013\*

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**N° 44040. Royaume-Uni de Grande-Bretagne et d'Irlande du Nord et Japon**

CONVENTION ENTRE LE ROYAUME-UNI DE GRANDE-BRETAGNE ET D'IRLANDE DU NORD ET LE JAPON TENDANT À ÉVITER LA DOUBLE IMPOSITION ET À PRÉVENIR L'ÉVASION FISCALE EN MATIÈRE D'IMPÔTS SUR LE REVENU ET SUR LES GAINS EN CAPITAL. LONDRES, 2 FÉVRIER 2006 [*Nations Unies, Recueil des Traités, vol. 2447, I-44040.*]

PROTOCOLE MODIFIANT LA CONVENTION ENTRE LE JAPON ET LE ROYAUME-UNI DE GRANDE-BRETAGNE ET D'IRLANDE DU NORD TENDANT À ÉVITER LA DOUBLE IMPOSITION ET À PRÉVENIR L'ÉVASION FISCALE EN MATIÈRE D'IMPÔTS SUR LE REVENU ET SUR LES GAINS EN CAPITAL. LONDRES, 17 DÉCEMBRE 2013\*

**Entrée en vigueur :** 12 décembre 2014, conformément à l'article 14

**Textes authentiques :** anglais et japonais

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[ ENGLISH TEXT – TEXTE ANGLAIS ]

PROTOCOL  
AMENDING THE CONVENTION  
BETWEEN JAPAN  
AND THE UNITED KINGDOM OF GREAT BRITAIN  
AND NORTHERN IRELAND  
FOR THE AVOIDANCE OF DOUBLE TAXATION  
AND THE PREVENTION OF FISCAL EVASION  
WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL GAINS

Japan and the United Kingdom of Great Britain and  
Northern Ireland,

Desiring to amend the Convention between Japan and the  
United Kingdom of Great Britain and Northern Ireland for  
the Avoidance of Double Taxation and the Prevention of  
Fiscal Evasion with respect to Taxes on Income and on  
Capital Gains signed at London on 2 February 2006  
(hereinafter referred to as "the Convention") and the  
Protocol, which forms an integral part of the Convention,  
signed at London on 2 February 2006 (hereinafter referred  
to as "the Protocol of 2006"),

Have agreed as follows:

ARTICLE 1

Subparagraph (a) of paragraph 1 of Article 2 of the  
Convention shall be deleted and replaced by the following:

"(a) in the case of Japan:

- (i) the income tax;
- (ii) the corporation tax;
- (iii) the special income tax for  
reconstruction;
- (iv) the special corporation tax for  
reconstruction; and
- (v) the local inhabitant taxes  
(hereinafter referred to as "Japanese  
tax");"

ARTICLE 2

Article 7 of the Convention shall be deleted and replaced by the following:

"Article 7

1. Profits of an enterprise of a Contracting State shall be taxable only in that Contracting State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits that are attributable to the permanent establishment in accordance with the provisions of paragraph 2 of this Article may be taxed in that other Contracting State.

2. For the purposes of this Article and Article 23 of this Convention, the profits that are attributable in each Contracting State to the permanent establishment referred to in paragraph 1 of this Article are the profits it might be expected to make, in particular in its dealings with other parts of the enterprise, if it were a separate and independent enterprise engaged in the same or similar activities under the same or similar conditions, taking into account the functions performed, assets used and risks assumed by the enterprise through the permanent establishment and through the other parts of the enterprise.

3. Where, in accordance with paragraph 2 of this Article, a Contracting State adjusts the profits that are attributable to a permanent establishment of an enterprise of one of the Contracting States and taxes accordingly profits of the enterprise that have been charged to tax in the other Contracting State, the other Contracting State shall, to the extent necessary to eliminate double taxation on these profits, make an appropriate adjustment to the amount of the tax charged on those profits. In determining such adjustment, the competent authorities of the Contracting States shall if necessary consult each other.

4. Where profits include items of income, profits or gains which are dealt with separately in other Articles of this Convention, then the provisions of those Articles shall not be affected by the provisions of this Article."

ARTICLE 3

1. Paragraph 2 of Article 9 of the Convention shall be deleted and replaced by the following:

"2. Where a Contracting State includes in the profits of an enterprise of that Contracting State - and taxes accordingly - profits on which an enterprise of the other Contracting State has been charged to tax in that other Contracting State and the profits so included are profits which would have accrued to the enterprise of the first-mentioned Contracting State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other Contracting State shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this Convention and the competent authorities of the Contracting States shall if necessary consult each other."

2. Paragraph 3 of Article 9 of the Convention shall be amended by deleting the words "seven years" and replacing them with the words "ten years".

ARTICLE 4

1. Paragraph 2 of Article 10 of the Convention shall be deleted and replaced by the following:

"2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that Contracting State, but if the dividends are beneficially owned by a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the dividends."

2. Subparagraph (a) of paragraph 3 of Article 10 of the Convention shall be amended by deleting the words "50 per cent" and replacing them with the words "10 per cent".

3. A new paragraph shall be added after paragraph 3 of Article 10 of the Convention as follows:

"4. The provisions of paragraphs 2 and 3 of this Article shall not affect the taxation of the company in respect of the profits out of which the dividends are paid."

4. Paragraph 4 of Article 10 of the Convention shall be amended by deleting the words "subparagraph (a) of paragraph 2 and" and renumbered as paragraph 5.

5. Paragraphs 5, 6, 7, 8 and 9 of Article 10 of the Convention shall be renumbered as paragraphs 6, 7, 8, 9 and 10 respectively.

#### ARTICLE 5

Article 11 of the Convention shall be deleted and replaced by the following:

#### "Article 11

1. Interest arising in a Contracting State and beneficially owned by a resident of the other Contracting State shall be taxable only in that other Contracting State.

2. Notwithstanding the provisions of paragraph 1 of this Article, interest arising in a Contracting State that is determined by reference to receipts, sales, income, profits or other cash flow of the debtor or a related person, to any change in the value of any property of the debtor or a related person or to any dividend, partnership distribution or similar payment made by the debtor or a related person, or any other interest similar to such interest arising in a Contracting State, may be taxed in the Contracting State in which it arises, and according to the laws of that Contracting State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the interest.

3. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures, and all other income that is subjected to the same taxation treatment as income from money lent by the tax laws of the Contracting State in which the income arises. Penalty charges for late payment shall not be regarded as interest for the purposes of this Article. Income dealt with in Article 10 of this Convention shall not be regarded as interest for the purposes of this Convention.