

No. 55777*

**Japan
and
Latvia**

Convention between Japan and the Republic of Latvia for the elimination of double taxation with respect to taxes on income and the prevention of tax evasion and avoidance (with protocol). Tokyo, 18 January 2017

Entry into force: *5 July 2017 by notification, in accordance with article 30*

Authentic text: *English*

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**Japon
et
Lettonie**

Convention entre le Japon et la République de Lettonie portant sur l'élimination de la double imposition en matière d'impôts sur le revenu et sur la prévention de l'évasion et la fraude fiscales (avec protocole). Tokyo, 18 janvier 2017

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[ENGLISH TEXT – TEXTE ANGLAIS]

CONVENTION BETWEEN
JAPAN AND THE REPUBLIC OF LATVIA
FOR THE ELIMINATION OF DOUBLE TAXATION
WITH RESPECT TO TAXES ON INCOME
AND THE PREVENTION OF TAX EVASION AND AVOIDANCE

Japan and the Republic of Latvia,

Desiring to further develop their economic
relationship and to enhance their co-operation in tax
matters,

Intending to conclude a Convention for the elimination
of double taxation with respect to taxes on income without
creating opportunities for non-taxation or reduced taxation
through tax evasion or avoidance (including through treaty-
shopping arrangements aimed at obtaining reliefs provided
in this Convention for the indirect benefit of residents of
third States),

Have agreed as follows:

ARTICLE 1
PERSONS COVERED

1. This Convention shall apply to persons who are
residents of one or both of the Contracting States.
2. For the purposes of this Convention, income derived by
or through an entity or arrangement that is treated as
wholly or partly fiscally transparent under the tax law of
either Contracting State shall be considered to be income
of a resident of a Contracting State but only to the extent
that the income is treated, for purposes of taxation by
that Contracting State, as the income of a resident of that
Contracting State. In no case shall the provisions of this
paragraph be construed so as to restrict in any way a
Contracting State's right to tax the residents of that
Contracting State. For the purposes of this paragraph, the
term "fiscally transparent" means situations where, under
the tax law of a Contracting State, income or part thereof
of an entity or arrangement is taxed not at the level of
the entity or arrangement but at the level of the persons
who have an interest in that entity or arrangement as if
that income or part thereof were directly derived by such
persons at the time when that income or part thereof is
realised whether or not that income or part thereof is
distributed by that entity or arrangement to such persons.

ARTICLE 2
TAXES COVERED

1. The existing taxes to which this Convention shall apply are:

- (a) in the case of Japan:
 - (i) the income tax;
 - (ii) the corporation tax;
 - (iii) the special income tax for reconstruction;
 - (iv) the local corporation tax; and
 - (v) the local inhabitant taxes
(hereinafter referred to as "Japanese tax"); and
- (b) in the case of Latvia:
 - (i) the enterprise income tax; and
 - (ii) the personal income tax
(hereinafter referred to as "Latvian tax").

2. This Convention shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes that have been made in their taxation laws.

ARTICLE 3
GENERAL DEFINITIONS

1. For the purposes of this Convention, unless the context otherwise requires:

- (a) the term "Japan", when used in a geographical sense, means all the territory of Japan, including its territorial sea, in which the laws relating to Japanese tax are in force, and all the area beyond its territorial sea, including the seabed and subsoil thereof, over which Japan has sovereign rights in accordance with international law and in which the laws relating to Japanese tax are in force;

- (b) the term "Latvia" means the Republic of Latvia and, when used in a geographical sense, means the territory of the Republic of Latvia and any other area adjacent to the territorial waters of the Republic of Latvia within which, under the laws of the Republic of Latvia and in accordance with international law, the rights of the Republic of Latvia may be exercised with respect to the seabed and its subsoil and their natural resources;
- (c) the terms "a Contracting State" and "the other Contracting State" mean Japan or Latvia, as the context requires;
- (d) the term "person" includes an individual, a company and any other body of persons;
- (e) the term "company" means any body corporate or any entity that is treated as a body corporate for tax purposes;
- (f) the term "enterprise" applies to the carrying on of any business;
- (g) the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;
- (h) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise of a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;
- (i) the term "competent authority" means:
 - (i) in the case of Japan, the Minister of Finance or his authorised representative; and
 - (ii) in the case of Latvia, the Ministry of Finance or its authorised representative;
- (j) the term "national", in relation to a Contracting State, means:
 - (i) any individual possessing the nationality of that Contracting State; and

- (ii) any legal person, partnership or association deriving its status as such from the laws in force in that Contracting State;
- (k) the term "business" includes the performance of professional services and of other activities of an independent character; and
- (l) the term "pension fund" means any person that:
 - (i) is established under the laws of a Contracting State;
 - (ii) is operated principally to administer or provide pensions, retirement benefits or other similar remuneration or to earn income for the benefit of other pension funds; and
 - (iii) is exempt from tax in that Contracting State with respect to income derived from the activities described in clause (ii).

2. As regards the application of this Convention at any time by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that Contracting State for the purposes of the taxes to which the Convention applies, any meaning under the applicable tax laws of that Contracting State prevailing over a meaning given to the term under other laws of that Contracting State.

ARTICLE 4 RESIDENT

1. For the purposes of this Convention, the term "resident of a Contracting State" means any person who, under the laws of that Contracting State, is liable to tax therein by reason of his domicile, residence, place of head or main office, place of management or any other criterion of a similar nature, and also includes that Contracting State and any political subdivision or local authority thereof as well as a pension fund of that Contracting State. This term, however, does not include any person who is liable to tax in that Contracting State in respect only of income from sources in that Contracting State.

2. Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then his status shall be determined as follows: