

Tokyo Tax Newsletter November 2011

On August 25, 2010 the Netherlands and Japan signed a new tax treaty. Where the treaty had already been ratified by the Diet in Japan, it was finally also approved by the Dutch Upper House last Tuesday, November 15th. As a result, the new tax treaty can be applied as from January 1, 2012 with a 12 month transitional period for treaty residents entitled to greater benefits under the existing treaty.

Overview of withholding taxes on dividends, interest and royalties:

	Dividends		Interest	Royalties
	Non-portfolio dividends (ownership percentage)	Other		
Existing Treaty	5% (25% or more)	15%	10%	10%
New Treaty	0% (50% or more)	10%	0% (for Financial institutions)	0%
	5% (10% or more)		10% (other)	

It should be noted that a Limitation on Benefits clause is included in the tax treaty, specifically related to the 0% withholding tax rates for dividends, interest and royalties and non-taxation of capital gains and other income. In addition, Japan has secured its taxation rights on income accrued in Japan from a Tokumai Kumiai (TK). For further details, please contact your regular contact person at Loyens & Loeff.

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Colophon

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The Tokyo Newsletter provides a summary update of developments in tax, corporate, banking and securities law in the Netherlands, Belgium and Luxembourg and is intended for Japanese businesses investing in or through the Netherlands, Belgium or Luxembourg. The Newsletter also touches on European Union law and on recent publications or developments involving Loyens & Loeff.

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Should you have questions, please contact Eelco van der Vijver or Peter Adriaansen at our Tokyo office, or Bartjan Zoetmulder or Jeroen van Mourik as heads of the Japan team in the Netherlands.

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