

## Tokyo Tax Flash December 2009

### Introduction

On December 18, 2009 the Dutch Ministry of Finance announced it has concluded a new tax treaty with Japan. Please find below a translation of the press release from the Dutch Ministry of Finance.

### Press Release

The Netherlands and Japan have reached agreement on a new tax treaty. "This is an important milestone in the 400 years of trading relations between Japan and the Netherlands. The new tax treaty will stimulate investments en strengthen the economic ties between Japan and the Netherlands", according to the Dutch State Secretary of Finance.

The treaty reflects a balanced approach towards reductions and exemptions of withholding taxes (see below overview) and provisions that counter the avoidance of taxation.

The new tax treaty will be signed officially mid-2010 by the relevant government officials of the Netherlands and Japan. By that time, the language of the treaty will also be published. It is intended that the new tax treaty can be applied as from January 1, 2011.

### Overview of withholding taxes on dividends, interest and royalties

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

It should be noted that with regard to the 'provisions that counter the avoidance of taxation', we understand that a 'Limitation on Benefits' clause will be included in the tax treaty. In addition, it seems that Japan will seek to secure its taxation rights on income accrued in Japan from a Tokumai Kumiaki ("TK"). Unfortunately, no further details are known at this point in time. As soon as we receive any further information, we will inform you accordingly.

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Should you have questions further to this flash, please contact Peter Adriaansen or Eelco van der Vijver at our Tokyo office.

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