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No. 6042

**UNITED KINGDOM OF GREAT BRITAIN AND
NORTHERN IRELAND
(ON BEHALF OF THE STATE OF SINGAPORE)
and
JAPAN**

**Convention (with exchange of notes) for the avoidance of
double taxation and the prevention of fiscal evasion
with respect to taxes on income. Signed at Singapore,
on 11 April 1961**

Official text: English.

*Registered by the United Kingdom of Great Britain and Northern Ireland on
19 January 1962.*

**ROYAUME-UNI DE GRANDE-BRETAGNE ET
D'IRLANDE DU NORD
(AU NOM DE L'ÉTAT DE SINGAPOUR)
et
JAPON**

**Convention (avec échange de notes) tendant à éviter la
double imposition et à prévenir l'évasion fiscale en
matière d'impôts sur le revenu. Signée à Singapour,
le 11 avril 1961**

Texte officiel anglais.

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le
19 janvier 1962.*

No. 6042. CONVENTION¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (ON BEHALF OF THE GOVERNMENT OF THE STATE OF SINGAPORE) AND THE GOVERNMENT OF JAPAN FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME. SIGNED AT SINGAPORE, ON 11 APRIL 1961

The Government of the State of Singapore with the authority and consent of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Japan,

Desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income,

Have appointed for that purpose as their respective Plenipotentiaries:

The Government of the State of Singapore:

Dr. Goh Keng Swee, Minister for Finance of the State of Singapore, and

The Government of Japan:

Mr. Kensaku Maeda, Consul-General of Japan at Singapore,

Who, having communicated to each other their respective full powers, found in good and due form, have agreed upon the following Articles:

Article I

1. The taxes which are the subject of the present Convention are—

- (a) in the State of Singapore: the income tax (hereinafter referred to as “Singapore tax”); and
- (b) in Japan: the income tax and the corporation tax (hereinafter referred to as “Japanese tax”).

2. The present Convention shall also apply to any other tax on income, gains or profits which has a substantially similar character to those referred to in the preceding paragraph and which may be imposed in either Contracting State after the date of signature of the present Convention.

¹ Came into force on 5 September 1961, the date of exchange of the instruments of ratification at Tokyo, in accordance with article XX (2)

Article II

1. In the present Convention, unless the context otherwise requires—
- (a) the term “Singapore” means the State of Singapore;
 - (b) the term “Japan”, when used in a geographical sense, means all the territory in which the laws relating to Japanese tax are enforced;
 - (c) the terms “one of the Contracting States” and “the other Contracting State” mean Singapore or Japan, as the context requires;
 - (d) the term “tax” means Singapore tax or Japanese tax, as the context requires;
 - (e) the term “Singapore corporation” means any company or any body of persons the business of which is managed and controlled in Singapore and which does not have its head or main office in Japan; and the term “Japanese corporation” means any corporation or other association having juridical personality or any association without juridical personality which has its head or main office in Japan and the business of which is not managed and controlled in Singapore;
 - (f) the terms “corporation of one of the Contracting States” and “corporation of the other Contracting State” mean a Singapore corporation or a Japanese corporation, as the context requires;
 - (g) the term “resident of Singapore” means any person, other than a company or a body of persons, who is resident in Singapore for the purposes of Singapore tax and not resident in Japan for the purposes of Japanese tax and any Singapore corporation; and the term “resident of Japan” means any individual who is resident in Japan for the purposes of Japanese tax and not resident in Singapore for the purposes of Singapore tax and any Japanese corporation;
 - (h) the terms “resident of one of the Contracting States” and “resident of the other Contracting State” mean a resident of Singapore or a resident of Japan, as the context requires;
 - (i) the term “Singapore enterprise” means an industrial (including plantation and agricultural) or commercial enterprise or undertaking carried on by a resident of Singapore; and the term “Japanese enterprise” means an industrial (including plantation and agricultural) or commercial enterprise or undertaking carried on by a resident of Japan;
 - (j) the terms “enterprise of one of the Contracting States” and “enterprise of the other Contracting State” mean a Singapore enterprise or a Japanese enterprise, as the context requires;
 - (k) the term “permanent establishment” when used with respect to an enterprise of one of the Contracting States, means an office, branch, factory,

or other fixed place of business where the business of the enterprise is carried on, but does not include the casual and temporary use of mere storage facility. It includes a farm, a plantation, a mine, a quarry or any other place of natural resources subject to exploitation. It also includes an agency if the agent has and habitually exercises a general authority to negotiate and conclude contracts on behalf of the enterprise or has a stock of merchandise from which he regularly fills orders on its behalf.

In this connection—

- (i) an enterprise of one of the Contracting States shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business dealings in that other Contracting State through a *bona fide* broker, general commission agent, or other independent agent acting in the ordinary course of his business as such;
 - (ii) the fact that an enterprise of one of the Contracting States maintains in the other Contracting State a fixed place of business exclusively for the purchase of goods or merchandise shall not of itself constitute that fixed place of business a permanent establishment of the enterprise; and
 - (iii) the fact that a corporation of one of the Contracting States has a subsidiary corporation which is a corporation of the other Contracting State or which carries on a trade or business in that other Contracting State (whether through a permanent establishment or otherwise) shall not of itself constitute that subsidiary corporation a permanent establishment of its parent corporation;
- (l) the term “ industrial or commercial profits ” does not include rents or royalties in respect of motion picture films or of mines, quarries, or other places of natural resources subject to exploitation, or income in the form of dividends, interest, rents, royalties, capital gains, or fees or other remuneration derived from the management, control or supervision of the trade, business, or other activity of another enterprise or undertaking, or remuneration for personal services;
- (m) the term “ competent authorities ” means, in the case of Singapore, the Minister for Finance or his authorised representative; and in the case of Japan, the Minister of Finance or his authorised representative.

2. Where the present Convention provides (with or without other conditions) that income derived from sources within one of the Contracting States shall be exempt from tax of that Contracting State if it is subject to tax of the other Contracting State, and under the law in force in that other Contracting

State the said income is subject to tax by reference to the amount thereof which is remitted to or received in that other Contracting State and not by reference to the full amount thereof, then the exemption to be allowed under the present Convention in the former Contracting State shall apply only to so much of the income as is remitted to or received in that other Contracting State.

3. In the application of the provisions of the present Convention by either Contracting State, any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State relating to the tax.

Article III

1. The industrial or commercial profits of an enterprise of one of the Contracting States shall not be subject to tax in the other Contracting State unless the enterprise carries on a trade or business in that other Contracting State through a permanent establishment situated therein. If it carries on a trade or business as aforesaid, tax may be imposed on those profits in that other Contracting State, but only on so much of them as is attributable to that permanent establishment.

2. Where an enterprise of one of the Contracting States carries on a trade or business in the other Contracting State through a permanent establishment situated therein, there shall be attributed to that permanent establishment the industrial or commercial profits which it might be expected to derive in that other Contracting State if it were an independent enterprise engaged in the same or similar activities under the same or similar conditions and dealing at arm's length with the enterprise of which it is a permanent establishment.

3. Where an enterprise of one of the Contracting States derives profits under contracts concluded therein from the sale of goods or merchandise stocked in a warehouse in the other Contracting State for convenience of delivery and not for purposes of display, those profits shall not be attributed to a permanent establishment of the enterprise in that other Contracting State, notwithstanding that the offers of purchase have been obtained by an agent of the enterprise in that other Contracting State and transmitted by him to the enterprise for acceptance.

4. In determining the industrial or commercial profits of a permanent establishment, there shall be allowed as deductions all expenses wherever incurred, reasonably allocable to such permanent establishment, including executive and general administrative expenses so allocable.

5. In determining the tax of one of the Contracting States, no account shall be taken of the mere purchase of goods or merchandise therein by an enterprise of the other Contracting State.

6. Paragraph 1 of this Article shall not be construed as preventing one of the Contracting States from imposing, apart from those profits referred to in the said paragraph, pursuant to the present Convention and in conformity with the laws of that Contracting State tax on income (e.g. dividends, interest, rents or royalties) derived from sources within that Contracting State by a resident of the other Contracting State if such income is not attributable to a permanent establishment situated in that former Contracting State.

7. The competent authorities of both Contracting States may, consistent with the provisions of the present Convention, arrange details for the apportionment of industrial or commercial profits. Where such profits are derived by an enterprise from the sale in one of the Contracting States of goods manufactured or produced in the other Contracting State in whole or in part by the enterprise, such profits shall be apportioned in part to the former Contracting State and in part to that other Contracting State.

Article IV

Where—

- (a) an enterprise of one of the Contracting States participates directly or indirectly in the managerial or financial control of an enterprise of the other Contracting State, or
- (b) the same individual or corporation participates directly or indirectly in the managerial or financial control of an enterprise of one of the Contracting States and an enterprise of the other Contracting State,

and in either case, conditions are made or imposed between the two enterprises, in their commercial or financial relations, which differ from those which would be made between independent enterprises, then any profits which would but for those conditions have accrued to one of the enterprises but by reason of those conditions have not so accrued may be included in the profits of that enterprise and taxed accordingly.

Article V

Notwithstanding the provisions of Articles III and IV, profits which an enterprise of one of the Contracting States derives from the operation of ships or aircraft shall be exempt from tax of the other Contracting State, unless the ships or aircraft are operated wholly or mainly between places within that other Contracting State.

Article VI

1. Dividends paid by a corporation of one of the Contracting States to a resident of the other Contracting State shall not be chargeable to tax in the former Contracting State, in addition to the tax on the profits of that corporation out of

which the dividends are paid, at a rate exceeding 15 per cent unless such dividends are attributable to a permanent establishment situated in that former Contracting State :

Provided that where the resident of the other Contracting State is a corporation which controls, directly or indirectly, not less than 50 per cent of the entire voting power of such corporation for at least six months immediately prior to the date when the dividend becomes payable, such dividend shall not be chargeable to tax in the former Contracting State at a rate exceeding 10 per cent.

2. Where a corporation of one of the Contracting States derives profits or income from sources within the other Contracting State, there shall not be imposed in that other Contracting State any form of taxation on dividends paid by the corporation unless paid to a resident of that other Contracting State, or any tax in the nature of undistributed profits tax on undistributed profits of the corporation, whether or not those dividends or undistributed profits represent, in whole or in part, profits or income so derived.

3. Dividends paid by a corporation of one of the Contracting States shall be treated as income from sources within that Contracting State.

Article VII

1. The Government of one of the Contracting States shall be exempt from tax of the other Contracting State with respect to interest on loans received by that Government from sources within that other Contracting State.

2. Any financial institution owned by one of the Contracting States shall be exempt from tax of the other Contracting State with respect to interest on loans received by that institution from sources within that other Contracting State.

3. Interest payable to a resident of one of the Contracting States on debentures issued by, or on loans (including loans in the form of deferred payments) made to, an enterprise of the other Contracting State engaged in an industrial undertaking shall be exempt from tax of that other Contracting State unless such interest is attributable to a permanent establishment situated in that other Contracting State.

4. Interest paid by the Government (including a local government) of one of the Contracting States or authority or agency thereof, or by an enterprise of one of the Contracting States shall be treated as income from sources within that Contracting State, except that interest (other than that paid on indebtedness in connection with the purchase of ships or aircraft) paid—

(a) by an enterprise of one of the Contracting States with a permanent establishment outside both Contracting States to a resident of the other Contracting State, or

(b) by an enterprise of one of the Contracting States with a permanent establishment in the other Contracting State

on indebtedness incurred for the use of, or on banking deposits made with, the permanent establishment in the conduct of its trade or business shall be treated as income from sources within the State where the permanent establishment is situated.

5. In this Article, the term "interest" means interest on bonds, securities, notes, debentures or any other form of indebtedness.

6. In paragraph 3 of this Article, the term "industrial undertaking" means an undertaking falling under any of the classes mentioned below—

- (a) manufacturing and processing;
- (b) ship-building, ship-breaking and ship-docking;
- (c) mining, including the working of a quarry or any other source of mineral deposits;
- (d) plantation, agriculture, forestry and fishery; and
- (e) any other undertaking which may be declared to be an "industrial undertaking" for the purposes of this Article by the competent authorities of the Contracting State in which the undertaking is situated.

Article VIII

1. Royalty derived from sources within one of the Contracting States by a resident of the other Contracting State shall be exempt from tax of the former Contracting State unless such royalty is attributable to a permanent establishment situated in that former Contracting State.

2. In this Article, the term "royalty" means any royalty, rental and other amount paid as consideration for using, or for the right to use, any copyright, patent, design, secret process and formula, trade-mark or other like property, but does not include any royalty and other amount paid in respect of the operation of a mine, a quarry or any other place of natural resources subject to exploitation.

3. Royalty shall be treated as income from sources within the Contracting State in which the property referred to in the preceding paragraph is to be used.

4. Where any royalty exceeds a fair and reasonable consideration in respect of the rights for which it is paid, the exemption provided by this Article shall apply only to so much of the royalty as represents such fair and reasonable consideration.

5. Income derived from sources within one of the Contracting States from the sale of the property referred to in paragraph 2 of this Article by a resident of the other Contracting State shall be exempt from tax of the former Contracting State unless such income is attributable to a permanent establishment situated in that former Contracting State.

6. Income derived from the sale of the property referred to in paragraph 2 of this Article shall be treated as income from sources within the Contracting State in which such property is to be used.

Article IX

1.—(a) Salaries, wages, similar remuneration or pensions paid by the Government of Singapore or any local or statutory authority of Singapore, or paid out of funds to which the Government of Singapore contributes, to an individual who is subject to Singapore tax on such payments (other than an individual who has been admitted to Japan for permanent residence therein) in respect of services rendered in the discharge of governmental functions shall be exempt from Japanese tax.

(b) Salaries, wages, pensions or similar remuneration paid by the Government of Japan or any local government or government agency of Japan, or paid out of funds to which the Government of Japan or any local government or government agency of Japan contributes, to an individual who is a national of Japan (other than an individual who has been admitted to Singapore for permanent residence therein) in respect of Services rendered in the discharge of governmental functions shall be exempt from Singapore tax.

2. The provisions of this Article shall not apply to payments in respect of services rendered in connection with any trade or business carried on by such government, authority or agency of either of the Contracting States for the purpose of profit.

Article X

1. An individual who is a resident of one of the Contracting States shall be exempt from tax of the other Contracting State on profits or remuneration for personal (including professional) services performed within that other Contracting State in any year of assessment or taxable year as the case may be, if—

(a) he is present within that other Contracting State for a period or periods not exceeding in the aggregate 183 days during that year.

(b) the services are performed for or on behalf of a resident of the former Contracting State, and

(c) the profits or remuneration are subject to tax of the former Contracting State.

2. The provisions of this Article shall not apply to the profits or remuneration of public entertainers, such as theatre, motion picture, radio or television artists, musicians and athletes, whose visit to one of the Contracting States is not supported from the public funds of the Government of the other Contracting State.

Article XI

An individual who is a resident of one of the Contracting States at the beginning of a visit to the other Contracting State and who at the invitation of the Government of the other Contracting State, or of a recognised university, college, school or other educational institution in that other Contracting State, visits that other Contracting State for a period not exceeding two years for the purpose of teaching or engaging in research at such educational institution in that other Contracting State, shall be exempt from tax of that other Contracting State in respect of the remuneration for such teaching or research.

Article XII

1. An individual who is a resident of one of the Contracting States at the beginning of a visit to the other Contracting State and is temporarily present in that other Contracting State solely—

(a) as a student at a recognised university, college or school in that other Contracting State,

(b) as a recipient of grant, allowance or award for the primary purpose of study or research from a governmental, religious, charitable, scientific, literary or educational organisation, or

(c) as a business apprentice,
shall be exempt from tax of that other Contracting State in respect of—

(i) remittances from abroad for the purposes of his maintenance, education, study, research or training,

(ii) the grant, allowance or award, and

(iii) remuneration for personal services in that other Contracting State not exceeding the sum of 360,000 Yen or its equivalent sum in Malayan currency, during any year of assessment or taxable year, as the case may be.

2. An individual who is a resident of one of the Contracting States at the beginning of a visit to the other Contracting State and is temporarily present in that other Contracting State for a period not exceeding twelve months as an

employee of, or under contract with, an enterprise of the former Contracting State, or an organisation referred to in paragraph 1 (b) of this Article, solely to acquire technical, professional or business experience from a person other than such enterprise or organisation, shall be exempt from tax of that other Contracting State on the remuneration for such period, received from abroad, or paid in that other Contracting State for his services directly related to the acquisition of such experience, if the amount thereof does not exceed the sum of 1,400,000 Yen or its equivalent sum in Malayan currency, during any year of assessment or taxable year, as the case may be.

3. An individual who is a resident of one of the Contracting States at the beginning of a visit to the other Contracting State and is temporarily present in that other Contracting State under arrangements with the Government (including a local government) of that other Contracting State or any authority or agency thereof, solely for the purpose of study, research or training shall be exempt from tax of that other Contracting State on remuneration, received from abroad, or paid in that other Contracting State for his services directly related to such study, research or training, if the amount thereof does not exceed the sum of 1,400,000 Yen or its equivalent sum in Malayan currency, during any year of assessment or taxable year, as the case may be.

4. The benefits of paragraph 1, 2 or 3 of this Article shall not be concurrently cumulative.

Article XIII

For the purposes of the present Convention—

- (a) income derived from real property (including profits or gains derived from the sale, transfer or exchange of such property), and royalties in respect of the operation of mines, quarries or other places of natural resources subject to exploitation shall be treated as derived from sources within the Contracting State in which such real property, mines, quarries or other places of natural resources are situated ;
- (b) profits or gains (excluding industrial or commercial profits) derived from the sale, transfer or exchange of movable property (including shares, bonds, debentures and similar assets) shall be treated as derived from sources within the Contracting State in which such movable property is sold, transferred or exchanged ;

- (c) salaries, wages, or similar remuneration for personal (including professional) services shall be treated as income from sources within the Contracting State in which are rendered the services for which such remuneration is paid, and the services performed in ships or aircraft operated by an enterprise of one of the Contracting States shall be deemed to be rendered in that Contracting State, unless the ships or aircraft are operated wholly or mainly between places within the other Contracting State.

Article XIV

1. The laws in force in either of the Contracting States will continue to govern the taxation of income in the respective Contracting States except where provisions to the contrary are made in the present Convention.

2. Subject to the provisions of Singapore income tax law (as in effect on the date of signature of the present Convention) regarding the allowance as a credit against Singapore tax of tax payable in a territory outside Singapore, Japanese tax payable, whether directly or by deduction, in respect of income from sources within Japan, shall be allowed as a credit against any Singapore tax payable in respect of that income. Where the income is a dividend paid by a Japanese corporation, the amount of Japanese tax payable by the Japanese corporation on the profits out of which the dividend is paid shall not be deemed as tax payable by the taxpayer in Singapore in respect of such dividend.

3.—(a) Japan, in determining Japanese tax on a taxpayer in Japan, may include in the basis upon which that tax is imposed all items of income taxable under the laws of Japan. The amount of Singapore tax payable by the taxpayer in Japan under the laws of Singapore and in accordance with the provisions of the present Convention, whether directly or by deduction, in respect of income from sources within Singapore and subject to the taxes of both Contracting States shall, however, be allowed as a credit against Japanese tax payable in respect of that income, but in an amount not exceeding that proportion of Japanese tax which that income (or the entire income subject to Japanese tax, whichever is the lesser) bears to the entire income subject to Japanese tax. Where the income is a dividend paid by a Singapore corporation, the amount of Singapore tax payable by the Singapore corporation on the profits out of which the dividend is paid shall not be deemed as tax payable by the taxpayer in Japan in respect of such dividend.

(b) For the purposes of the credit referred to in sub-paragraph (a) of this paragraph, there shall be deemed to have been paid by the taxpayer in Japan the amount of Singapore tax exempted under the provisions of paragraph 3

of Article VII of the present Convention, or the provisions of section 17 of the Pioneer Industries (Relief from Income Tax) Ordinance, 1959, of Singapore, which provides for the special measures designed to encourage the establishment and development in Singapore of industrial enterprises.

(c) For the purposes of the credit referred to in sub-paragraph (a) of this paragraph, where the taxpayer in Japan receives a dividend from a Singapore corporation which is exempted under the provisions of section 18 of the Pioneer Industries (Relief from Income Tax) Ordinance, 1959, there shall be deemed to have been paid by the taxpayer in Japan the amount of Singapore tax so exempted under the provisions of the said Ordinance.

(d) In the application of sub-paragraphs (b) and (c) of this paragraph, such exemption under the provisions of the Pioneer Industries (Relief from Income Tax) Ordinance, 1959, as is to be taken into account in allowing as a credit against Japanese tax shall not exceed the scope of the benefit accorded under the provisions of the said Ordinance as in effect on the date of signature of the present Convention.

Article XV

1. The competent authorities of both Contracting States shall exchange such information available under their respective tax laws in the normal course of administration as is necessary for carrying out the provisions of the present Convention or for the prevention of fraud or for the administration of statutory provisions against tax avoidance in relation to the tax. Any information so exchanged shall be treated as secret and shall not be disclosed to any person other than those, including a court, concerned with the assessment and collection of the tax or the determination of appeal in relation thereto. No information shall be exchanged which would disclose any trade, business, industrial or professional secret or any trade process.

2. Each of the Contracting States may collect the tax imposed by the other Contracting State (as though such tax were the tax of the former Contracting State) as will ensure that exemptions, reduced rates of tax or any other benefit accorded under the present Convention by such other Contracting State shall not be enjoyed by persons not entitled to such benefits.

Article XVI

Any taxpayer, who shows proof that the action of the taxation authorities of either Contracting State has resulted or will result in double taxation contrary to the provisions of the present Convention, may lodge a claim with the competent authorities of the Contracting State of which the taxpayer is a resident. Should the claim be deemed justified, such competent authorities shall endeavour to

come to an agreement with the competent authorities of the other Contracting State with a view to avoidance of the double taxation in question.

Article XVII

Should any difficulty or doubt arise as to the interpretation or application of the present Convention, the competent authorities of the Contracting States may settle the question by mutual agreement; it being understood, however, that this provision shall not be construed to preclude the Contracting States from settling by negotiation through diplomatic channels any dispute arising under the present Convention.

Article XVIII

1. The provisions of the present Convention shall not affect the right to benefit by any more extensive exemptions which have been conferred, or which may hereafter be conferred, on diplomatic and consular officials in virtue of the general rules of international law.

2. The provisions of the present Convention shall not be construed to restrict in any manner any exemption, deduction, credit or other allowance now or hereafter accorded by the laws of one of the Contracting States in determining the tax of that Contracting State.

3. The competent authorities of either Contracting State may prescribe regulations necessary to interpret and carry out the provisions of the present Convention and may communicate with each other directly for the purpose of giving effect to the provisions of the present Convention.

Article XIX

1. Citizens or nationals of one of the Contracting States shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other, higher or more burdensome than the taxation and connected requirements to which citizens or nationals of that other Contracting State in the same circumstances are or may be subjected.

2. Enterprises of one of the Contracting States shall not, while having permanent establishments in the other Contracting State, be subjected in that other Contracting State to any taxation or any requirement connected therewith which is other, higher or more burdensome than the taxation and connected requirements to which enterprises of that other Contracting State are or may be subjected.

3. Enterprises of one of the Contracting States, the capital of which is wholly or partly owned by one or more residents of the other Contracting State, shall not be subjected in the former Contracting State to any taxation or any

requirement connected therewith which is other, higher or more burdensome than the taxation and connected requirements to which other enterprises of the former Contracting State, the capital of which is wholly or partly owned by one or more residents of that former Contracting State, are or may be subjected.

4. In this Article, the term “ citizens or nationals ” means—

(a) in the case of Singapore, all individuals possessing the citizenship of Singapore and all legal persons, partnerships, associations and other entities deriving their status as such from, or created or organised under, the law in force in Singapore; and

(b) in the case of Japan, all individuals possessing the nationality of Japan and all corporations and other associations (with or without juridical personality) deriving their status as such from the law in force in Japan.

5. In this Article, the term “ taxation ” means taxes of every kind or description.

6. Nothing contained in this Article shall be construed as obliging either of the Contracting States to grant to citizens or nationals of the other Contracting State not resident of the former Contracting State those personal allowances, reliefs and reductions for tax purposes which are by law available only to residents of that former Contracting State.

Article XX

1. The present Convention shall be ratified and the instruments of ratification shall be exchanged at Tokyo as soon as possible.

2. The present Convention shall enter into force on the date of exchange of instruments of ratification and shall be applicable—

(a) in Singapore: as respects tax for the years of assessment beginning on or after the first day of January of the calendar year in which the exchange of instruments of ratification takes place; and

(b) in Japan: as respects tax for the taxable years beginning on or after the first day of January of the calendar year in which the exchange of instruments of ratification takes place.

3. Either of the Contracting States may terminate the present Convention at any time after a period of five years from the date on which the present Convention enters into force, by giving to the other Contracting State notice of termination, provided that such notice shall be given on or before the 30th day of June, and, in such event, the present Convention shall cease to be effective—

- (a) in Singapore: as respects tax for the years of assessment beginning on or after the first day of January of the calendar year next following that in which the notice is given; and
- (b) in Japan: as respects tax for the taxable years beginning on or after the first day of January of the calendar year next following that in which the notice is given.

IN WITNESS WHEREOF the abovementioned Plenipotentiaries have signed the present Convention.

DONE in duplicate at Singapore, this eleventh day of April, one thousand nine hundred and sixty-one in the English language.

For the Government
of the State of Singapore:
Goh Keng SWEE

For the Government of Japan:

Kensaku MAEDA

EXCHANGE OF NOTES

I

Singapore, April 11, 1961

Excellency,

With reference to Article V of the Convention between the Government of Japan and the Government of the State of Singapore for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income signed today,¹ I have the honour to confirm, on behalf of the Government of Japan, the following understanding reached between the two Governments:

1. Both Governments shall undertake to enter into negotiation for the revision of Article V of the present Convention as soon as possible after amendments are made to taxation law of either Contracting State relevant to the Article.
2. With regard to the above revision, both Governments shall accord to the other Contracting State treatment not less favourable than that accorded to any third country in matters relating to the tax on profits derived from the operation of ships or aircraft.

I have further the honour to request Your Excellency to be good enough to confirm the foregoing understandings on behalf of Your Excellency's Government.

¹ See p. 76 of this volume.

I avail myself of this opportunity to renew to Your Excellency assurances of my highest consideration.

Kensaku MAEDA

The Honourable Dr. Goh Keng Swee,
Minister for Finance, Singapore,
Plenipotentiary of the State of Singapore.

II

Singapore, April 11, 1961

Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note of today's date which reads as follows:

[See note I]

I have further the honour to confirm the understandings contained in Your Excellency's Note, on behalf of the Government of the State of Singapore.

I avail myself of this opportunity to renew to Your Excellency assurances of my highest consideration.

Goh Keng SWEE

His Excellency Mr. Kensaku Maeda,
Consul-General of Japan at Singapore,
Plenipotentiary of Japan.
