

No. 11844

**JAPAN
and
SINGAPORE**

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (with protocol and exchanges of notes). Signed at Singapore on 29 January 1971

*Authentic text: English.
Registered by Japan on 23 June 1972.*

**JAPON
et
SINGAPOUR**

Convention tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu (avec protocole et échanges de notes). Signée à Singapour le 29 janvier 1971

*Texte authentique : anglais.
Enregistrée par le Japon le 23 juin 1972.*

CONVENTION¹ BETWEEN THE GOVERNMENT OF JAPAN
AND THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE
FOR THE AVOIDANCE OF DOUBLE TAXATION
AND THE PREVENTION OF FISCAL EVASION WITH
RESPECT TO TAXES ON INCOME

The Government of Japan and the Government of the Republic of Singapore,

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

Have agreed as follows:

Article 1

This Convention shall apply to persons who are residents of one or both of the Contracting States.

Article 2

1. The taxes which are the subject of this Convention are:

(a) In Japan:

(i) the income tax; and

(ii) the corporation tax

(hereinafter referred to as “Japanese tax”).

(b) In Singapore:

the income tax (hereinafter referred to as “Singapore tax”).

2. This Convention shall also apply to any identical or substantially similar taxes which are subsequently imposed in addition to, or in place of, those referred to in paragraph 1 of this Article.

Article 3

1. In this Convention, unless the context otherwise requires:

¹ Came into force on 3 August 1971, the date of the exchange of notes indicating its approval as provided for by the respective legal procedures of both Parties, in accordance with article 26 (1).

(a) The term “Japan”, when used in a geographical sense, means all the territory in which the laws relating to Japanese tax are in force;

(b) The term “Singapore” means the Republic of Singapore;

(c) The terms “a Contracting State” and “the other Contracting State” mean Japan or Singapore, as the context requires;

(d) The term “tax” means Japanese tax or Singapore tax, as the context requires;

(e) The term “person” includes an individual, a company and a body of persons, but does not include a partnership, and in the case of Singapore, also includes a Hindu joint family and a corporation sole;

(f) The term “company” means any body corporate or any entity which is treated as a body corporate for tax purposes;

(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 “citizens” or “nationals” means:

- (i) in the case of Japan, all individuals possessing the nationality of Japan and all juridical persons created under the laws of Japan and all organisations without juridical personality treated for the purposes of Japanese tax as juridical persons created under the laws of Japan;
- (ii) 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 the laws in force in Singapore.

(i) The term “competent authority” means, in the case of Japan, the Minister of Finance or his authorised representative, and in the case of Singapore, the Minister for Finance or his authorised representative.

2. As regards the application of this Convention by a Contracting State, any term not otherwise defined in this Convention shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State relating to the taxes which are the subject of this Convention.

Article 4

1. The term “resident of a Contracting State” used in this Convention means any person who is resident in a Contracting State for tax purposes of that Contracting State.

2. Where by reason of the provisions of paragraph 1 of this Article a person is a resident of both Contracting States, then the competent authorities shall determine by mutual agreement the Contracting State of which that person shall be deemed to be a resident for the purposes of this Convention.

Article 5

1. For the purposes of this Convention, the term “permanent establishment” means a fixed place of business in which the business of the enterprise is wholly or partly carried on.

2. The term “permanent establishment” shall include especially:

- (a) a place of management;
- (b) a branch;
- (c) an office;
- (d) a factory;
- (e) a workshop;
- (f) a mine, oil well, quarry or other place of extraction of natural resources;
- (g) a farm or plantation;
- (h) a building site or construction or assembly project which exists for more than six months.

3. An enterprise of a Contracting State shall be deemed to have a permanent establishment in the other Contracting State if it carries on supervisory activities in that other Contracting State for more than six months in connection with a construction, installation or assembly project which is being undertaken in that other Contracting State.

4. The term “permanent establishment” shall not be deemed to include:

- (a) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;
- (b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
- (c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
- (d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for collecting information, for the enterprise;

(e) the maintenance of a fixed place of business solely for the purpose of advertising, for the supply of information, for scientific research or for similar activities which have a preparatory or auxiliary character, for the enterprise.

5. A person acting in a Contracting State on behalf of an enterprise of the other Contracting State—other than an agent of an independent status to whom the provisions of paragraph 6 of this Article apply—shall be deemed to be a permanent establishment in the first mentioned Contracting State if:

- (a) he has, and habitually exercises in that first-mentioned Contracting State, an authority to conclude contracts in the name of the enterprise, unless his activities are limited to the purchase of goods or merchandise for the enterprise; or
- (b) he maintains in that first mentioned Contracting State a stock of goods or merchandise belonging to the enterprise from which he regularly fills orders on behalf of the enterprise.

6. An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other Contracting State through a broker, general commission agent or any other agent of an independent status, where such persons are acting in the ordinary course of their business.

7. The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other Contracting State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

Article 6

1. Income from immovable property may be taxed in the Contracting State in which such property is situated.

2. The term “immovable property” shall be defined in accordance with the laws of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, rights to which the provisions of general law respecting immovable property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships and aircraft shall not be regarded as immovable property.

3. The provisions of paragraph 1 of this Article shall apply to income derived from the direct use, letting, or use in any other form of immovable property.

4. The provisions of paragraphs 1 and 3 of this Article shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of professional services.

Article 7

1. The 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 of the enterprise may be taxed in the other Contracting State but only so much of them as is attributable to that permanent establishment.

2. Where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

3. In determining the profits of a permanent establishment, there shall be allowed as deductions all expenses, including executive and general administrative expenses, which would be deductible if the permanent establishment were an independent enterprise, insofar as they are reasonably allocable to the permanent establishment, whether incurred in the Contracting State in which the permanent establishment is situated or elsewhere.

4. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

5. Where profits include items of income 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 8

1. Profits from the operation of ships or aircraft in international traffic carried on by an enterprise of a Contracting State shall be taxable only in that Contracting State.

2. The provisions of paragraph 1 of this Article shall likewise apply in respect of participations in pools, in a joint business or in an international operations agency of any kind by enterprises engaged in the operation of ships or aircraft in international traffic.

Article 9

Where—

- (a) an enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State, or
- (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State 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 10

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other Contracting State.

2. However, such dividends may 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 the tax so charged shall not exceed:

- (a) 10 per cent of the gross amount of the dividends if the recipient is a company which owns at least 25 per cent of the voting shares of the company paying such dividends during the period of six months immediately preceding the date of payment of the dividends;
- (b) in all other cases, 15 per cent of the gross amount of the dividends.

This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

3. The term “dividends” as used in this Article means income from shares or other rights, not being debt-claims, participating in profits, as well

as income from other corporate rights assimilated to income from shares according to the taxation laws of the Contracting State of which the company making the distribution is a resident.

4. Notwithstanding the provisions of paragraph 2 of this Article, as long as Singapore does not impose a tax on dividends in addition to the tax chargeable on the profits or income of a company, dividends paid by a company which is a resident of Singapore to a resident of Japan shall be exempt from any tax in Singapore which may be chargeable on dividends in addition to the tax chargeable on the profits or income of the company.

5. The provisions of paragraphs 1 and 2 of this Article shall not apply if the recipient of the dividends, being a resident of a Contracting State, has in the other Contracting State, of which the company paying the dividends is a resident, a permanent establishment with which the holding by virtue of which the dividends are paid is effectively connected. In such a case, the provisions of Article 7 shall apply.

6. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other Contracting State may not impose any tax on the dividends paid by the company to persons who are not residents of that other Contracting State, or subject the company's undistributed profits to a tax on undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in that other Contracting State.

Article 11

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other Contracting State.

2. However, such interest may be taxed in the Contracting State in which it arises, and according to the laws of that Contracting State, but the tax so charged shall not exceed 15 per cent of the gross amount of the interest.

3. Notwithstanding the provisions of paragraph 2 of this Article, interest arising in a Contracting State and paid to the Government of the other Contracting State shall be exempt from tax of the first-mentioned Contracting State.

4. For the purposes of paragraph 3 of this Article, the term "Government"—

(a) in the case of Japan means the Government of Japan and shall include—

(i) the local authorities;

(ii) the Bank of Japan;

- (iii) the Export-Import Bank of Japan;
 - (iv) the Overseas Economic Cooperation Fund; and
 - (v) such institutions, the capital of which is wholly owned by the Government of Japan or the local authorities, as may be agreed from time to time between the Governments of the two Contracting States;
- (b) in the case of Singapore means the Government of Singapore and shall include—
- (i) the Board of Commissioners of Currency;
 - (ii) the Monetary Authority of Singapore; and
 - (iii) such institutions, the capital of which is wholly owned by the Government of Singapore, as may be agreed from time to time between the Governments of the two Contracting States.

5. Notwithstanding the provisions of paragraph 2 of this Article, interest arising in a Contracting State and paid to a resident of the other Contracting State on debentures issued by, or on loans (including loans in the form of deferred payments) made to, an enterprise of the first-mentioned Contracting State engaged in an industrial undertaking shall be exempt from tax of that first-mentioned Contracting State.

6. For the purposes of paragraph 5 of this Article, the term “industrial undertaking” means an undertaking which is approved by the competent authority of the Contracting State in which the undertaking is situated, and falls under any of the classes mentioned below—

- (a) manufacturing, assembling and processing;
- (b) construction and civil engineering;
- (c) ship-building, ship-breaking and ship-docking;
- (d) electricity, hydraulic power, gas and water supply;
- (e) mining, including the working of a quarry or any other source of mineral deposits;
- (f) plantation, agriculture, forestry and fishery; and
- (g) any other undertaking which may be declared to be an “industrial undertaking” for the purposes of this Article.

7. The term “interest” as used in this Article means income from Government securities, bonds or debentures, whether or not secured by mortgage and whether or not carrying a right to participate in profits, and debt-claims of every kind, and any excess of the amount repaid in respect of

such debt-claims over the amount lent, as well as all other income assimilated to income from money lent according to the taxation laws of the Contracting State in which the income arises.

8. The provisions of paragraphs 1, 2 and 5 of this Article shall not apply if the recipient of the interest, being a resident of a Contracting State, has in the other Contracting State in which the interest arises a permanent establishment with which the debt-claim from which the interest arises is effectively connected. In such a case, the provisions of Article 7 shall apply.

9. Interest shall be deemed to arise in a Contracting State when the payer is that Contracting State itself, a local authority or a resident of that Contracting State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment, then such interest shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

10. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the interest paid, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

Article 12

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State shall be exempt from tax of the first-mentioned Contracting State.

2. The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of scientific work, any patent, trade mark, design or model, plan, or secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial or scientific experience.

3. The provisions of paragraph 1 of this Article shall not apply if the recipient of the royalties, being a resident of a Contracting State, has in the other Contracting State in which the royalties arise a permanent establish-

ment with which the right or property giving rise to the royalties is effectively connected. In such a case, the provisions of Article 7 shall apply.

4. Royalties shall be deemed to arise in a Contracting State when the payer is that Contracting State itself, a local authority or a resident of that Contracting State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

5. The provisions of paragraphs 1 and 4 of this Article shall likewise apply to proceeds arising from the alienation of any copyright of scientific work, any patent, trade mark, design or model, plan, or secret formula or process.

6. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the royalties paid, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

Article 13

1. Subject to the provisions of Articles 14, 16, 17, 18 and 19, salaries, wages and other similar remuneration or income for personal (including professional) services derived by a resident of a Contracting State, shall be taxable only in that Contracting State, unless the services are performed in the other Contracting State. If the services are so performed, such remuneration or income as is derived therefrom may be taxed in that other Contracting State.

2. Notwithstanding the provisions of paragraph 1 of this Article, remuneration or income derived by a resident of a Contracting State for personal (including professional) services performed in the other Contracting State shall be exempt from tax of that other Contracting State if:

- (a) the recipient is present in the other Contracting State for a period or periods not exceeding in the aggregate 183 days in the calendar year concerned; and

- (b) the remuneration or income is paid by, or on behalf of, a person who is a resident of the first-mentioned Contracting State; and
- (c) the remuneration or income is not borne by a permanent establishment which that person has in the other Contracting State.

Article 14

Remuneration derived by a resident of a Contracting State in his capacity as a member of the board of directors of a company which is a resident of the other Contracting State may be taxed in that other Contracting State.

Article 15

1. The provisions of Article 13 shall not apply to the income derived from a Contracting State from services rendered by a public entertainer (such as stage, motion picture, radio or television artiste, musician and athlete) being a resident of the other Contracting State whose visit to the first-mentioned Contracting State is not supported, wholly or substantially, from the public funds of the Government of that other Contracting State.

2. Where the services mentioned in paragraph 1 of this Article are provided in a Contracting State by an enterprise of the other Contracting State, then the income derived from providing those services by such enterprise may be taxed in the first-mentioned Contracting State, unless the enterprise is supported, wholly or substantially, from the public funds of the Government of that other Contracting State in connection with the provision of such services.

3. For the purposes of this Article, the term "Government" shall include any local authority of either Contracting State.

Article 16

Subject to the provisions of paragraphs 1 and 2 of Article 17, any pension or any annuity derived by an individual who is a resident of a Contracting State from the other Contracting State shall be taxable only in the first-mentioned Contracting State.

Article 17

1. Remuneration paid by the Government of Japan or pensions paid by or out of funds to which contributions are made by the Government of Japan to any individual who is a national of Japan in respect of services

rendered in the discharge of governmental functions shall be exempt from Singapore tax, unless such individual is a citizen of Singapore or has been admitted to Singapore for permanent residence therein.

2. Remuneration, including pensions, paid by the Government of Singapore to any individual who is a citizen of Singapore in respect of services rendered in the discharge of governmental functions shall be exempt from Japanese tax, unless such individual is a national of Japan or has been admitted to Japan for permanent residence therein.

3. The provisions of this Article shall not apply to payments in respect of services rendered in connection with any business carried on by the Government of either of the Contracting States for the purposes of profit.

4. For the purposes of this Article, the term "Government" shall have the same meaning as in paragraph 3 of Article 15.

5. The application of the provisions of this Article shall not be limited by the provisions of Article 1.

Article 18

An individual who is a resident of a Contracting State immediately before making a visit to the other Contracting State, and who, at the invitation of any university, college, school or other similar educational institution, which is recognised by the competent authority in that other Contracting State, visits that other Contracting State for a period not exceeding two years solely for the purpose of teaching or research or both at such educational institution shall be exempt from tax in that other Contracting State on his remuneration for such teaching or research.

Article 19

1. An individual who is a resident of a Contracting State immediately before making 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 Singapore currency, during any taxable year or year of assessment, as the case may be.

2. An individual who is a resident of a Contracting State immediately before making 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 first-mentioned 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 1,420,000 Yen or its equivalent sum in Singapore currency, during any taxable year or year of assessment, as the case may be.

3. An individual who is a resident of a Contracting State immediately before making 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 1,420,000 Yen or its equivalent sum in Singapore currency, during any taxable year or year of assessment, as the case may be.

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

Article 20

Where this Convention provides (with or without other conditions) that income from sources in a Contracting State shall be exempt from tax, or taxed at a reduced rate, in that Contracting State and under the laws in force in the 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 or reduction of tax to be allowed under this Convention in the first-mentioned Contracting State shall apply only to so much of the income as is remitted to or received in that other Contracting State.

However, this limitation does not apply to income derived by the Government of a Contracting State from sources in the other Contracting State. For the purposes of this Article the term "Government" shall have the same meaning as in paragraph 4 of Article 11.

Article 21

1. Subject to the laws of Japan regarding the allowance as a credit against Japanese tax of tax payable in any country other than Japan, Singapore tax payable in respect of income derived from Singapore shall be allowed as a credit against Japanese tax payable in respect of that income. Where such income is a dividend paid by a company which is a resident of Singapore to a company which is a resident of Japan which owns not less than 25 per cent either of the voting shares of the company paying the dividend or of the total shares issued by that company, the credit shall take into account Singapore tax payable by that company in respect of its income.

2. Subject to the laws of Singapore regarding the allowance as a credit against Singapore tax of tax payable in any country other than Singapore, Japanese tax payable in respect of income derived from Japan shall be allowed as a credit against Singapore tax payable in respect of that income. Where such income is a dividend paid by a company which is a resident of Japan to a company which is a resident of Singapore which owns not less than 25 per cent either of the voting shares of the company paying the dividend or of the total shares issued by that company, the credit shall take into account Japanese tax payable by that company in respect of its income.

3. For the purposes of paragraph 1 of this Article, the term "Singapore tax payable" shall be deemed to include, in the case of interest on any

debentures or loans of the kind mentioned in paragraph 5 of Article 11, or in the case of royalties or proceeds mentioned in paragraph 1 or 5 of Article 12, the amount of the Singapore tax which would have been paid if the Singapore tax had not been exempted in accordance with the provisions of paragraph 5 of Article 11 or paragraph 1 or 5 of Article 12.

4. For the purposes of paragraph 1 of this Article, the term "Singapore tax payable" shall be deemed to include the amount of Singapore tax which would have been paid if the Singapore tax had not been exempted in accordance with the special incentive measures designed to promote economic development in Singapore, effective on the date of signature of this Convention, or which may be introduced in future in the Singapore taxation laws in modification of, or in addition to, the existing measures:

Provided that the scope of the benefit accorded to the taxpayer by those measures shall be agreed to by the Governments of both Contracting States.

Article 22

1. Citizens or nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other 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. This provision shall not be construed as obliging Singapore to grant to nationals of Japan not resident in Singapore those personal allowances, reliefs and reductions for tax purposes which are by law available on the date of signature of this Convention only to citizens of Singapore or to such other persons as may be specified therein who are not resident in Singapore.

2. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably levied in that other Contracting State than the taxation levied on enterprises of that other Contracting State carrying on the same activities. This provision shall not be construed as obliging either of the Contracting States to grant to citizens or nationals of the other Contracting State not resident in the first-mentioned Contracting State those personal allowances, reliefs and reductions for tax purposes which are by law available only to residents of that first-mentioned Contracting State.

3. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned

Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of that first-mentioned Contracting State are or may be subjected.

Article 23

1. Where a resident of a Contracting State considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with this Convention, he may, notwithstanding the remedies provided by the laws of those Contracting States, present his case to the competent authority of the Contracting State of which he is a resident.

2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at an appropriate solution, to resolve that case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation not in accordance with this Convention.

3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of this Convention. They may also consult together for the elimination of double taxation in cases not provided for in this Convention.

4. The competent authorities of the Contracting States may communicate with each other directly for the purposes of reaching an agreement in the sense of the preceding paragraphs.

Article 24

1. The competent authorities of both Contracting States shall exchange such information available under their respective taxation laws in the normal course of administration as is necessary for carrying out the provisions of this 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.

2. In no case shall the provisions of paragraph 1 of this Article be construed so as to impose on a Contracting State the obligation:

- (a) to carry out administrative measures at variance with the laws or the administrative practice of that or of the other Contracting State;
- (b) to supply particulars which are not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;
- (c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public policy.

Article 25

Nothing in this Convention shall affect the fiscal privileges of diplomatic or consular officials under the general rules of international law or under the provisions of special agreements.

Article 26

1. This Convention shall be approved by Japan and Singapore in accordance with their respective legal procedures, and shall enter into force on the date of exchange of notes indicating such approval.

2. This Convention shall have effect:

(a) in Japan:

as respects Japanese tax for the taxable years beginning on or after the first day of January, 1971;

(b) in Singapore:

as respects Singapore tax for the year of assessment beginning on the first day of January, 1971, and subsequent years of assessment.

Article 27

Either of the Contracting States may terminate this Convention after a period of five years from the date on which this Convention enters into force by giving to the other Contracting State, through diplomatic channels, written notice of termination, provided that such notice shall be given on or before the thirtieth day of June, and in such event this Convention shall cease to have effect:

(a) in Japan:

as respects Japanese tax for the taxable years beginning on or after the first day of January of the calendar year next following that in which such notice is given;

(b) in Singapore:

as respects Singapore tax for the years of assessment beginning on the first day of January of the calendar year next following that in which such notice is given and subsequent years of assessment.

IN WITNESS WHEREOF the undersigned, being duly authorised thereto by their respective Governments, have signed this Convention.

DONE in duplicate at Singapore this 29th day of January of the year one thousand nine hundred and seventy-one in the English language.

For the Government
of Japan:

YASUHIKO NARA

For the Government
of the Republic of Singapore:

HON SUI SEN

PROTOCOL

At the signing of the Convention between the Government of Japan and the Government of the Republic of Singapore for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the undersigned have agreed upon the following provisions which shall form an integral part of the said Convention:

1. The Government of the Republic of Singapore shall be exempt from Japanese tax with respect to dividends from, or gains from the alienation of, the securities mentioned in paragraph 2 of this Protocol derived by that Government from sources within Japan, provided that the scope of the aforesaid securities shall be agreed to by the Governments of both Contracting States.

However, the exemption shall be limited to dividends or gains with respect to securities held for public purposes only and not for any other purposes, provided that the holding of those securities does not constitute a substantial participation in the invested company.

2. The term "securities" mentioned in paragraph 1 of this Protocol means shares or other rights referred to in paragraph 3 of Article 10 of the

said Convention or Government securities, bonds or debentures referred to in paragraph 7 of Article 11 of the said Convention.

3. Notwithstanding the provisions of paragraph 2 of Article 26 of the said Convention, the provisions concerning the exemption of tax on dividends in paragraph 1 of this Protocol shall be applicable as respects dividends derived by the Government of the Republic of Singapore on or after the first day of January, 1970.

DONE in duplicate at Singapore this 29th day of January of the year one thousand nine hundred and seventy-one in the English language.

For the Government
of Japan:

YASUHIKO NARA

For the Government
of the Republic of Singapore:

HON SUI SEN

EXCHANGE OF NOTES

I, *a*

29th of January, 1971

Excellency,

I have the honour to refer to paragraphs 3 and 4 of Articles 21 of the Convention between the Government of the Republic 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 today at Singapore and to propose, on behalf of the Government of the Republic of Singapore, that the two Governments shall agree as follows:

- (a) With reference to paragraph 3 of Article 21 of the said Convention, if the method of computation used by the taxpayer does not clearly reflect the actual expenses, "the Singapore tax payable" with respect to royalties or proceeds mentioned in that paragraph may be determined on the assumption that 60 per cent of gross amount of such royalties or proceeds are necessary expenses;
- (b) With reference to paragraph 4 of Article 21 of the said Convention, the measures set forth in the following sections of the Economic Expansion Incentives (Relief from Income Tax) Act, No. 36 of 1967 as amended by the Act No. 31 of 1970 of the Republic of Singapore, effective on the date of signature of the said Convention are "the special incentive measures designed to promote economic development in Singapore

effective on the date of signature of this Convention” referred to in the said paragraph:

- (i) Section 13—relating to exemption from income tax of the income of a pioneer enterprise;
- (ii) Section 14—relating to exemption from income tax of dividends attributable to the exempt income of a pioneer enterprise;
- (iii) Section 19—relating to exemption from income tax of the increase in the expansion income of an expanding enterprise;
- (iv) Section 19A—relating to exemption from income tax of dividends attributable to the exempt income of an expanding enterprise;
- (v) Section 30—relating to exemption from income tax of the income of an export enterprise;
- (vi) Section 31—relating to exemption from income tax of dividends attributable to the exempt income of an export enterprise.

I have further the honour to propose that the present Note and Your Excellency’s reply confirming the acceptance by the Government of Japan of the above proposal shall be regard as constituting an agreement between the two Governments concerning paragraphs 3 and 4 of Article 21 of the said Convention.

I avail myself of this opportunity to extend to Your Excellency the assurance of my highest consideration.

HON SUI SEN

His Excellency Mr. Yasuhiko Nara
Ambassador Extraordinary and Plenipotentiary
Japan

II, a

29th of January, 1971

Excellency,

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

[See note I, a]

I have further the honour to confirm that the Government of Japan accepts the proposal contained in Your Excellency's Note, and to agree that the same and the present reply shall be regarded as constituting an agreement between the two Governments concerning paragraphs 3 and 4 of Article 21 of the said Convention.

I avail myself of this opportunity to extend to Your Excellency the assurance of my highest consideration.

YASUHIKO NARA

The Honourable Mr. Hon Sui Sen
Minister for Finance, Singapore
Plenipotentiary of the Republic of Singapore

I, *b*

29th of January, 1971

Excellency,

I have the honour to refer to paragraph 1 of the Protocol of the Convention between the Government of the Republic 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 today at Singapore and to propose, on behalf of the Government of the Republic of Singapore, that the two Governments shall agree that "securities" referred to in the said paragraph are the securities held by the Minister for Finance of the Republic of Singapore or his authorised representative, the Accountant-General of Singapore, under the Minister for Finance (Incorporation) Act No. 28 of 1959 of the Republic of Singapore, effective on the date of signature of the said Convention.

I have further the honour to request Your Excellency to confirm the foregoing understanding on behalf of the Government of Japan.

I avail myself of this opportunity to extend to Your Excellency the assurance of my highest consideration.

HON SUI SEN

His Excellency Mr. Yasuhiko Nara
Ambassador Extraordinary and Plenipotentiary
Japan

II, *b*

29th of January, 1971

Excellency,

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

[*See note I, b*]

I have further the honour to confirm the foregoing understanding on behalf of the Government of Japan.

I avail myself of this opportunity to extend to Your Excellency the assurance of my highest consideration.

YASUHIKO NARA

The Honourable Mr. Hon Sui Sen
Minister for Finance, Singapore
Plenipotentiary of the Republic of Singapore