JAPAN

1. INTRODUCTION

a. Forms of Legal Entity

The most common types of legal entities are *kabushiki kaisha* ("KK") and *godo kaisha* ("GK"), each being a corporation to be established under the Companies Act of Japan. Both of them are taxpayers.

b. Taxes, Tax Rates

There are various national and local taxes applicable to corporate income and the overall rate of those taxes depends on the locality and the amount of stated capital of the taxpayer corporation. A corporation with stated capital of more than YEN100 million faces a lower rate (around 30% in terms of the overall effective rate of those taxes, which may vary depending on the locality) although it becomes subject to taxes on something other than corporate income (such as capital amount). On the other hand, a corporation with stated capital of YEN100 million or less faces a higher rate of taxes on corporate income (around 34% in terms of the overall effective rate of those taxes, which may vary depending on the locality) while not becoming subject to those taxes which a corporation with stated capital of more than JPY100 million becomes subject to.

In addition to taxes on corporate income, consumption tax, which is essentially a value added tax, is levied at the rate of either 8% or 10% (depending on the type of goods and services).

For individuals, income is subject to national and local income taxes at progressive rates, the maximum rate is 55.945%.

c. Common divergences between income shown on tax returns and local financial statements

There are several causes of difference between profits reported in the financial statements and taxable income.

The common divergences include the following:

- Permanent adjustments: entertainment expenses exceeding certain thresholds, donation expenses exceeding certain thresholds, certain remuneration to certain individuals in managerial positions, certain taxes on corporate income, government penalties, dividends excluded from taxable income for mitigating double taxation on multiple layers of corporations.
- Temporary adjustments: generally slower recognition of bad debt losses, impairment losses not recognised for tax purposes, allowances reserved above certain thresholds, depreciation expenses above certain thresholds.

2. RECENT DEVELOPMENTS

a. Adjustment of Tax Basis in Subsidiary's Shares

In response to a case where a famous company has taken advantage of favorable tax treatment on dividends by making its subsidiary pay a large sum of dividends and subsequently realising a large amount of capital losses upon disposition of the devalued shares of the subsidiary, tax basis adjustment has become necessary in certain cases where a substantial amount of dividends (exceeding 10% of the tax basis of the shares before the adjustment) is received from a subsidiary which has newly become a subsidiary within the last ten years.

b. Introduction of Invoice System for VAT

An invoice requirement will be introduced for taking input tax credits on consumption tax (Japanese VAT) in October 2023. Until then, Japan has a rather unique system for input tax credits, in which, a taxpayer can take an input tax credit for any inputs used in providing its goods and services subject to consumption tax, even if the merchant (which can be an individual or a corporation) providing the inputs is exempt from consumption tax (because it is a small merchant and is therefore not paying consumption tax on the inputs as a taxpayer). After the introduction of the invoice requirement, a taxpayer can take input tax credit based only on a qualified invoice issued by a registered merchant which cannot be an exempt merchant (subject to certain exceptions) and there could be considerable impacts on the business of especially small merchants although there is a transitional measure making input tax credit partially available for inputs from exempt merchants for a limited period of time.

c. Introduction of Share Delivery Transaction

A new corporate reorganisation transaction to be conducted between Japanese corporations ("KK") under the Companies Act of Japan, which is called share delivery, is now available as a way of acquiring another Japanese corporation and making it a subsidiary by issuing shares (or delivering treasury shares) of the acquiring Japanese corporation free of tax. A share delivery transaction is usually conducted as a takeover bid offering shares as consideration, but by following the rules for a share delivery transaction under the Companies Act. Legal issues that existed in using shares as consideration in a take-over bid before the introduction of share delivery transactions are now resolved and a tax-free treatment is made available.

3. SHARE ACQUISITION

a. General Comments

From a buyer's perspective:

There is no step up in basis of the assets of the target company as gains in the assets of the target company are not realized in a share acquisition (except in certain tax-unqualified corporate reorganisation transactions conducted under the Companies Act).

From a seller's perspective:

A seller is taxed on any capital gains realised in selling its shares (difference between the value of the consideration and the tax basis of the shares) except in certain ta -free transactions. Tax on individuals' capital gains is levied at a flat rate and is usually favorable to taxpayers compared to tax on ordinary income levied at progressive rates. A corporate seller's capital gains are taxed in the same way as ordinary income and there is no favorable treatment like the one in receiving dividends from another corporation (which can be applied in an asset deal accompanying liquidation of the company which has sold assets).

b. Tax Attributes

Net operating losses carried forward by the target company are generally kept intact in a share acquisition although there is a certain rule depriving a company of its net operating losses carried forward in the case of a change of control under certain situations.

c. Tax Grouping

The Japanese Corporation Tax Act allows tax consolidation of all (but not a part) of corporations in a group of Japanese corporations headed by a Japanese corporation holding directly or indirectly all of the shares of the other corporations in the group for the purpose of corporation tax (which is a national tax).

There is no tax consolidation available for local taxes although corporations electing tax consolidation for corporation tax can effectively take benefit of tax consolidation in respect of local taxes calculated based on the amount of corporation tax.

A corporation entering a group of corporations electing tax consolidation as a result of a share acquisition shall take part in the tax consolidation of the group from the time it becomes a wholly-owned subsidiary of the head entity of the group.

d. Tax Free Reorganisations

There are some types of corporate reorganisation transactions for share acquisition conducted between Japanese corporations (basically KK, but in some, GK may participate as well) under the Companies Act of Japan, which can be made tax free by satisfying certain conditions. A share for share exchange transaction, in which a company acquires all the shares of another company from the existing shareholders and makes it a wholly-owned subsidiary is an example of such corporate reorganisation transactions conducted under the Companies Act of Japan and the existing shareholders are not taxed in receiving only shares of the company becoming the wholly-owning parent in exchange for the shares of the company becoming the wholly-owned subsidiary.

e. Purchase Agreement

It is normal to provide representations and warranties regarding tax compliance of the target. In addition, it is becoming more frequent to provide special tax indemnities taking into account the statute of limitations for tax claims.

f. Transfer taxes on share transfers (including mechanisms for disclosure and collection)

There are no indirect taxes, stamp duties or similar on transfer of shares.

g. Share Purchase Advantages

Net operating losses carried forward by the target company are generally kept intact in a share acquisition subject to certain exceptions. Moreover, compared to an asset purchase, a share transfer is usually less costly, less time consuming and less administrative burdensome.

h. Share Purchase Disadvantages

Any existing liabilities of the target company will continue to exist.

There is no step up in basis of the assets of the target company.

4. ASSET ACQUISITION

a. General Comments

From a buyer's perspective:

Except in certain tax free transactions, purchased assets are stepped up in basis and if there is a difference between the total value of individual assets purchased (minus the amount of assumed liabilities) and the value of the consideration for the purchase, such difference is generally recognised as goodwill amortisable over the period of five years.

From a seller's perspective:

A seller is taxed on any gains realised in selling the assets (in the same way as ordinary income) except in certain tax free transactions, but if the seller company is liquidated or the proceeds of the sale are distributed to its shareholders after the sale of the assets, a corporate shareholder of the seller company (which would have become a seller in a share deal) can take advantage of the dividend received exclusion.

b. Purchase Price Allocation

The purchase price is allocated in accordance with the fair market value of each asset and if there is a difference between the total value of individual assets purchased (minus the amount of assumed liabilities) and the value of the consideration for the purchase, such difference is generally recognised as goodwill.

c. Tax Attributes

Net operating losses of the seller are not transferred to the buyer. Difference between the total value of individual assets purchased (minus the amount of assumed liabilities) and the value of the consideration for the purchase, which is recognized as goodwill, is amortisable over the period of five years.

d. Tax Free Reorganisations

There are some types of transactions for an asset acquisition which can be made tax free by satisfying certain conditions. A contribution in kind transaction, in which assets are acquired in consideration for shares of the acquirer (either newly issued shares or treasury shares of the acquirer) is an example of such transaction which can be made tax free by satisfying certain conditions.

e. Purchase Agreement

It is less frequent to provide representations and warranties regarding tax compliance of the seller than in the case of a share acquisition because the seller's tax liabilities are basically not assumed by the buyer in an asset acquisition.

For transferring contracts (such as contracts with customers of the business the buyer intends to assume by acquiring assets from the seller), it is basically necessary to obtain consent of the counterparties to the contracts and it is frequently provided in a purchase agreement how to deal with the necessity of such consent.

f. Depreciation and Amortisation

It is possible to apply a shorter depreciation period as secondhand goods for acquired assets if the useful life is estimated to be shorter than a brand new one. Difference between the total value of individual assets purchased (minus the amount of assumed liabilities) and the value of the consideration for the purchase, which is recognised as goodwill, is amortisable over the period of five years.

g. Transfer Taxes, VAT

There are some types of assets to which specific transfer taxes apply (such as real estate). Consumption tax, which is essentially a value added tax, is levied basically at the rate of 10% on the value of the consideration for the purchase (excluding the value of consideration for certain assets not subject to consumption tax, such as land and financial assets). However, the buyer can basically take input tax credit for the amount of consumption tax paid for the asset acquisition.

h. Asset Purchase Advantages

Liabilities (including tax liabilities) of the seller other than those the buyer has agreed to assume are basically not assumed by the buyer.

Step-up in basis of the acquired assets, or especially amortisation of goodwill over a period of five years is usually attractive for a buyer.

i. Asset Purchase Disadvantages

The buyer cannot take any advantage of net operating losses of the seller.

Consent of the counterparties to contracts is necessary for transferring those contracts in an asset acquisition.

5. ACQUISITION VEHICLES

a. General Comments

GK or KK is usually used as an acquisition vehicle.

b. Domestic Acquisition Vehicle

Both GK and KK are deemed as domestic corporations subject to Japanese corporate income taxes on worldwide income.

c. Foreign Acquisition Vehicle

A foreign acquisition vehicle is usually not used as an acquisition vehicle for the availability of debt pushdown since a cross border merger between a Japanese corporation and non-Japanese corporation is not allowed and there is no practicable method to conduct debt pushdown from a foreign acquisition vehicle.

d. Partnerships and joint ventures

Investment limited partnerships (*toshi jigyo yugen sekinin kumiai*) and limited partnerships (*yugen sekinin jigyo kumiai*) are commonly used as funds. Joint ventures are commonly formed as general partnerships (nin'I kumiai) or corporations (KK or GK).

e. Strategic vs Private Equity Buyers

Tax free reorganisation provisions are more often used by strategic buyers than by private equity buyers as there is more possibility for strategic buyers to satisfy the conditions for tax free reorganisations (e.g. synergy between the buyer's business and the target's business).

6. ACQUISITION FINANCING

a. General Comments

Loans from third-party lenders (e.g. banks) are commonly used for the very low interest rate in yen continuing for a couple of decades. Equity (including intragroup debt) is kept at minimum required under the terms with the lenders in many cases.

b. Foreign Acquirer

Many foreign acquirers use domestic acquisition vehicles for the purpose of debt pushdown. In many cases, intragroup debt is utilised for necessary funds other than funds procured from third party lenders (e.g. banks) to the maximum extent deduction of interest on such debt is allowed under the relevant rules.

c. Debt

Interest expense is deductible in principle subject to the limitations explained below

Interest on bonds and other debt securities and interest on loans from nonresidents are generally subject to withholding tax at rates ranging from 15.315% to 20.42% limited by reduction or exemption under the applicable double taxation treaty ("DTT").

i Limitations on Interest Deductions

Major rules limiting the deductibility of interest are the thin capitalisation rule and the earnings stripping rule. Since the thin capitalisation rule is a rule applicable in relation to a related party, we will explain it in ii below and deal with the earnings stripping rule here.

The Japanese earnings stripping rule disallows deduction of interest paid not subject to Japanese tax on the side of its recipient (net of interest income corresponding to such interest paid not subject to Japanese tax on the side of its recipient) in excess of 20% of income (basically the same as taxable income, but adjusted in some ways). Since interest paid to a Japanese bank is subject to Japanese tax on the side of its recipient, the Japanese earning stripping rule does not affect borrowings from Japanese banks, but debts owed to foreign residents (who are not subject to Japanese tax) can be affected.

ii Related Party Debt

The Japanese thin capitalisation rule limits the deductibility of interest on certain debts related to foreign related parties in excess of basically three times the amount of the share capital paid in by foreign related parties. The three to one debt to equity ratio is respected in many cases of inbound investment in Japan.

Under the transfer pricing rule, the interest rate on debt owed to a related party should be set at arm's length.

iii Debt Pushdown

Although the Japanese Corporation Tax Act allows tax consolidation of all of corporations in a group of Japanese corporations headed by a Japanese corporation holding directly or indirectly all of the shares of the other corporations in the group for the purpose of corporation tax (which is a national tax), no tax consolidation is available for local taxes (other than those calculated based on the amount of corporation tax).

Therefore, in order to take advantage of deduction of interest on acquisition debt in respect of all corporate income taxes, debt pushdown by a merger between the acquisition vehicle and the target is conducted commonly.

d. Hybrid Instruments

Japan does not have any special rules on hybrid instruments and the legal form of the instrument is respected basically, (i.e. an instrument issued as a preferred share paying fixed amount of dividends or having redemption terms) is basically treated as a share notwithstanding its economic similarity to a bond and an instrument issued as a bond (perpetual or subordinated) is basically treated as a bond notwithstanding its economic similarity to a share.

However, in order to avoid mismatch, dividends received from abroad which are deductible in the calculation of taxable income of the paying corporation under the tax law of the resident country of the paying corporation are made outside the scope of exclusion of dividends received from foreign subsidiaries under the Japanese tax law, which is a favourable tax treatment for corporations holding foreign subsidiaries by excluding 95% of the amount of dividends received from foreign subsidiaries (for companies where 25% or more of the shares are held by the recipient of the dividends for six months or more) from the amount of taxable income.

e. Other Instruments

Tokumei kumiai investment ("TK"), which is a form of investment from an investor to an operator of a business using such investment, is similar to a debt in the sense that investment returns allocable to the investor are deductible in the calculation of taxable income of the operator of the business using the TK investment. TK investment is widely used in funding an acquisition vehicle.

f. Earn-outs

Earn outs are sometimes used and are generally structured as an increase in purchase consideration.

7. DIVESTITURES

a. Tax Free

There are some types of transactions for divestiture which can be made tax free by satisfying certain conditions. A demerger, in which a part of the assets of a corporation are transferred to a newly-established corporation or another existing corporation in exchange for shares of such newly-established corporation or another existing corporation or other types of consideration (e.g. cash) to be received by the first mentioned corporation or its shareholders, is an example of a transaction which can be made tax free by satisfying certain conditions.

b. Taxable

Those types of transactions for divestiture which do not satisfy the conditions for tax free transactions are taxable, (i.e. any gains in assets or shares transferred in the transactions are subject to income tax). Even if taxable, demerger is widely used as a method of divestiture of a Japanese corporation.

c. Cross Border

A demerger cannot be conducted cross border, (i.e. both the corporation from which assets are transferred in a demerger and the corporation to which assets are transferred in a demerger) must be Japanese corporations. There are other types of transactions for divestiture which can be conducted cross border, but they would not satisfy the conditions for a tax free transaction, they would be treated as taxable.

8. FOREIGN OPERATIONS OF A DOMESTIC TARGET

a. Worldwide or Territorial Tax System

Japanese companies are subject to taxation in Japan on their worldwide income. Foreign companies are subject to taxation in Japan only on their Japan-source income (including income attributable to their respective PEs in Japan, if any).

b. CFC Regime

Japan has a controlled foreign corporation taxation regime which is called the anti-tax haven taxation since 1978 though revised substantially several times since its introduction. Such taxation regime targets to tax on otherwise undertaxed income of foreign corporations whose majority shares, voting rights or dividend rights are owned by residents of Japan by adding the amount of such income to the taxable income of their major shareholders which are residents of Japan. Income of such a foreign corporation becomes subject to this taxation regime if (a) the effective rate of non-Japanese tax on such income is less than 20% (30% in certain cases where there is more need to make such foreign corporation subject to tax in Japan) and (b) (i) such foreign corporation does not conduct substantial business in the country of its headquarters or (ii) such income is passive.

c. Foreign Branches and Partnerships

Foreign branches of Japanese companies are subject to taxation in Japan, due to the Japanese company being taxed on its worldwide income (see above in 8.a.). Foreign tax credit is available for taxes paid outside Japan in proportion to the amount of non-Japan-source income.

Partnerships formed under the laws of Japan (t*oshi jigyo yugen sekinin kumiai, yugen sekinin jigyo kumiai*, and *nin'I kumiai*) are not regarded as separate tax entities and are subject to taxation on a transparency basis. Partnerships formed under the laws of other jurisdictions are treated in the same way if they are similar to partnerships formed under the laws of Japan, but some partnerships formed under the laws of other jurisdictions have been deemed as corporations subject to tax as separate tax entities, rather than on a transparency basis, for Japanese tax purposes.

d. Cash Repatriation

Dividends from foreign companies and capital gains from disposition of foreign assets (shares) are subject to tax in Japan, in principle. However, 95% of the amount of dividends received from foreign subsidiaries (companies 25% or more shares of which are held by the recipient of the dividends for six months or more) are excluded from the amount of taxable income. Dividends received out of earnings subjected to the controlled foreign corporation taxation regime explained above in 8.b. in the past 10 years are also excluded from the amount of taxable income.

9. OTHER GENERAL INTERNATIONAL TAX CONSIDERATIONS

a. Special Rules for Real Property, including Shares of "Real Property-Rich" Corporations

Capital gains derived from selling shares of a corporation which derives 50% or more of its value from real property in Japan are subject to tax in Japan irrespective of the residency or the existence of a permanent establishment if 2% (5% if the shares of such corporation are listed at a stock exchange) or more shares of such corporation have been held by the seller of the shares or its related parties at the preceding fiscal year end.

b. CbC and Other Reporting Regimes

Japan has implemented country by country reporting rules, following recommendations from the OECD. Multinational enterprises with ultimate parent entity in Japan and consolidated revenue of JPY 100 billion or more a year must file a report with information about the activities in all countries they conduct business. The reports may be exchanged with other competent tax administrators across national borders.

Japan has also entered into the CRS agreement concerning automatic exchange of information relating to financial accounts. Japan has also issued a joint statement with the US regarding FATCA for reporting by Japanese financial institutions and exchange of information between Japanese and US competent authorities.

10. TRANSFER PRICING

The taxable income of a corporation shall be calculated as if its transactions with its foreign related parties were made at a price determined at an arm's length and such transfer pricing rule of Japan generally follows the OECD Transfer Pricing Guidelines.

11. POST-ACQUISITION INTEGRATION CONSIDERATIONS

a. Use of Hybrid Entities

A GK is a hybrid entity in the sense that it can be treated as a disregarded entity or a partnership for US tax purposes under the check the box regulations although it is a company organised under the Companies Act of Japan and is clearly treated as a corporation for Japanese tax purposes. A GK is widely used not only as an acquisition vehicle, but also for other purposes (e.g. a subsidiary for doing business in Japan).

b. Use of Hybrid Instruments

Perpetual subordinated bonds treated as bonds for tax purposes, but funds raised by which are treated as capital for regulatory and other purposes, are widely used for taking the benefit of deduction of interest for tax purposes while avoiding increase of "liabilities" for regulatory and other purposes

c. Principal/Limited Risk Distribution or Similar Structures

Various forms of distribution structure may be implemented, provided that the economic substance (assets, functions, and risks) are in line with the structure chosen.

d. Intellectual Property

The useful life is set for intellectual property as for other assets, e.g., eight years for patent, seven years for design rights, ten years for trademarks and depreciation is applied to intellectual property as to other assets.

e. Special Tax Regimes

There are many special tax regimes under Japanese law and some examples are as follows:

- Tax regime for small to medium sized enterprises;
- Tax regime for R&D expenses;
- Tax regime for increase of salaries;
- Tax regime for certified companies in Okinawa; and
- Tax regime for designated companies in the national strategic districts.

12. OECD BEPS CONSIDERATIONS

Japan has taken responsive measures in respect of almost all BEPS action Plans. In response to action Action 1, Japan has revised consumption tax on services provided on a cross border basis. In response to action Action 2, dividends received from abroad which are deductible in the calculation of taxable income of the paying corporation under the tax law of the resident country of the paying corporation have been made outside the scope of exclusion of dividends received from foreign subsidiaries. In response to action Action 3, the anti-tax haven taxation has been revised. In response to action Action 4, the earnings stripping rule has been revised. In response to action Actions 6, 14 and 15, Japan has signed the Multinational Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting ("MLI"), which has come into effect on 1 January 2019 with respect to Japan. In response to action Action 7, the scope of PE has been revised, and in response to action Actions 8 through 10, the transfer pricing rules have been revised. In response to action Action 13, Japan has implemented country by country reporting rules.

13. ACCOUNTING CONSIDERATIONS

Applicable accounting standards are not determinative for the tax considerations in Japan. A publicly-traded company in Japan can choose either J-GAAP, US-GAAP, IFRS or J-IFRS and the accounting considerations vary with the applied accounting standards.

14. OTHER TAX CONSIDERATIONS

a. Distributable Reserves

A distribution can be made only to the extent of distributable surplus, in the calculation of which, the amounts of stated capital, statutory capital reserve and statutory profit reserve are to be deducted.

Distributions from profit surplus and, to the extent deemed as dividends for tax purposes, distributions from capital surplus are subject to withholding tax at rates ranging from 15.315% to 20.42% limited by reduction or exemption under the applicable DTT.

b. Application of Regional Rules

There are no regional tax rules relevant to Japan.

c. Tax Rulings and Clearances

A taxpayer can request a formal binding ruling only if it is with respect to a specific transaction or other thing which it will do and the taxpayer consents to the public disclosure of the ruling including the specific transaction or other thing the taxpayer will do. Therefore, such formal binding ruling is not usually requested. Instead, informal prior consultation is often sought with the applicable tax authority to increase certainty regarding the tax treatment of an intended transaction.

15. MAJOR NON-TAX CONSIDERATIONS

Acquisition of an entity or business in Japan is regulated under the Foreign Exchange and Foreign Trade Act as inbound direct investments. If the business to be acquired (or the business conducted by the entity to be acquired) includes a sensitive business, such as space development, aircraft, weapon, nuclear energy, etc. a prior notice rather than an ex post facto report must be filed by the foreign inventor with the competent ministers through the Bank of Japan not earlier than six months before the intended date of the acquisition. A foreign investor who filed the prior notice must wait 30 days, during which period the competent ministers may first recommend and ultimately direct the foreign investor to discontinue or modify the contemplated acquisition. (This period is shortened to two weeks in most cases.) A foreign investor who made the acquisition in accordance with such prior notice must file a report with the competent ministers through the Bank of Japan within 30 days after the acquisition. Even if the acquired business (or the business conducted by the acquired entity) does not include any sensitive business, the acquisition must be reported by the foreign investor to the competent ministers through the Bank of Japan within 45 days from the acquisition.

16. APPENDIX I - TAX TREATY RATES

Japan applies withholding tax on dividends, interest and royalties at rates ranging from 15.315% to 20.42% unless the rate is reduced by a DTT. Please see the table below for the rates under each DTT.

Jurisdiction	Dividends %	Interest %	Royalties %	Footnote Reference
Armenia	15	0 / 10	0 / 10	[1], [2]
Australia	0 / 5 / 10 / 15	0 / 10	5	[3], [4]
Austria	0 / 10	0 / 10	0	[5], [6]
Azerbaijan	15	0 / 10	0 / 10	[1], [2]
Bangladesh	10 / 15	0 / 10	10	[1], [7]
Belarus	15	0 / 10	0 / 10	[1], [2]
Belgium	0 / 10	0 / 10	0	[5], [8]
Brazil	12.5	0 / 12.5	12.5 / 15 / domestic rate	[9], [10]
Brunei	5 / 10	0 / 10	10	[1], [11]
Bulgaria	10 / 15	0 / 10	10	[1], [7]
Canada	5 / 15	0 / 10	10	[1], [12]
Chile	0 / 5 / 15	4 / 10	2 / 10	[13], [14], [15]
China	10	0 / 10	10	[1]
Croatia	0 / 5	0 / 5	5	[16], [17]
Czech Republic	10 / 15	0 / 10	0 / 10	[1], [2], [7]
Denmark	0 / 15	0 / 10	0	[18], [19]
Ecuador	5	0 / 10	10	[20]
Egypt	15	Domestic rate	15	
Estonia	0 / 10	0 / 10	5	[1], [21]
Finland	10 / 15	10	10	[7]
France	0 / 5 / 10	0 / 10	0	[22], [23]
Georgia	5	0 / 5	0	[17]
Germany	0 / 5 / 15	0	0	[24]
Hong Kong	5 / 10	0 / 10	5	[1], [11]
Hungary	10	0 / 10	0 / 10	[1], [2]
Iceland	0 / 5 / 15	10	0	[25]

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Jurisdiction	Dividends %	Interest %	Royalties %	Footnote Reference
India	10	0 / 10	10	[1]
Indonesia	10 / 15	0 / 10	10	[1], [26]
Ireland	10 / 15	10	10	[7]
Israel	5 / 15	0 / 10	10	[1], [12]
Italy	10 / 15	10	10	[7]
Jamaica	5 / 10	0 / 10	2 / 10	[1], [15], [27]
Kazakhstan	5 / 15	0 / 10	10	[1], [28]
Korea, Republic of	5 / 15	0 / 10	10	[12], [29]
Kuwait	5 / 10	0 / 10	10	[1], [11]
Latvia	0 / 10	0 / 10	0	[30], [31]
Lithuania	0 / 10	0 / 10	0	[30], [31]
Luxembourg	5 / 15	0 / 10	10	[1], [12]
Malaysia	5 / 15	0 / 10	10	[12], [29]
Mexico	0 / 5 / 15	10 / 15	10	[32], [33]
Morocco	5 / 10	0 / 10	5 / 10	[29], [34], [35]
Netherlands	0 / 5 / 10	0 / 10	0	[36], [37]
New Zealand	0 / 15	0 / 10	5	[38], [39]
Norway	5 / 15	0 / 10	10	[1], [12]
Oman	5 / 10	0 / 10	10	[1], [11]
Qatar	5 / 10	0 / 10	5	[1], [11]
Pakistan	5 / 7.5 / 10	0 / 10	10	[1], [40]
Peru	10	0 / 10	15	[1]
Philippines	10 / 15	0 / 10	10 / 15	[1], [41], [42]
Poland	10	0 / 10	0 / 10	[1], [2]
Portugal	5 / 10	0 / 5 / 10	5	[43], [44]
Romania	10	0 / 10	10 / 15	[1], [45]
Russia	0 / 5 / 10 / 15	0 / 10	0	[19], [46]
Saudi Arabia	5 / 10	0 / 10	5 / 10	[1], [35], [47]
Serbia	5 / 10	0 / 10	5 / 10	[1], [48], [49]

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Jurisdiction	Dividends %	Interest %	Royalties %	Footnote Reference
Singapore	5 / 15	0 / 10	10	[1], [12]
Slovakia	10 / 15	0 / 10	0 / 10	[1], [2], [7]
Slovenia	5	0 / 5	5	[50]
South Africa	5 / 15	0 / 10	10	[1], [12]
Spain	0 / 5	0 / 10	0	[19], [51]
Sri Lanka	20 / domestic rate	0 / domestic rate	0 / 10.21 / 20.42	[52], [53], [54]
Sweden	0 / 10	0 / 10	0	[19], [55]
Switzerland	0 / 5 / 10	0 / 10	0	[56], [57]
Taiwan	10	0 / 10	10	[1]
Thailand	15 / 20 / domestic rate	0 / 10 / domestic rate	15	[58], [59]
Turkey	10 / 15	10 / 15	10	[7], [60]
Ukraine	15	0 / 10	0 / 10	[1], [2]
United Arab Emirates	5 / 10	0 / 10	10	[1], [11]
United Kingdom	0 / 10	0 / 10	0	[19], [61]
United States	0 / 5 / 10	0 / 10	0	[19], [62]
Uruguay	5 / 10	0 / 10	10	[63], [64]
Uzbekistan	5 / 10	0 / 5	0 / 5	[17], [48], [65]
Vietnam	10	0 / 10	10	[1]
Zambia	0	0 / 10	10	[29]

Footnotes	
1	Interest – 0% tax rate to governments, certain government-related entities and residents receiving interest with respect to certain government-related debt-claims. Otherwise 10%.
2	Royalties –0% tax rate to royalties for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films and films or tapes for radio or television broadcasting and 10% tax rate to royalties for the use of, or the right to use, any patent, trade mark, design or model, Action, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.
3	Dividends - 0% tax rate to certain qualified companies directly holding 80% or more of the voting rights for the last 12 months, 5% tax rate to companies directly holding 10% or more of the voting rights and 15% tax rate to dividends paid by a company, more than 50% of the assets of which consist, directly or indirectly, of real property situated in Japan. Otherwise 10%.
4	Interest – 0% tax rate to governments, certain government-related entities and financial institutions unrelated to and dealing wholly independently with the payer. Otherwise 10%.

Footnotes	
5	Dividends - 0% tax rate to companies directly or indirectly holding 10% or more of the voting rights for the last 6 months and pension funds (in the case of pension funds, only if dividends are derived from administering or providing pensions or similar activities). Otherwise 10%.
6	Interest – No reduced tax rate under the DTT to interest determined by reference to receipts, sales, income, profits or other cash flow of the debtor or a related person, to any change in the value of any property of the debtor or a related person or to any dividend, partnership distributions or similar payment made by the debtor or a related person, or any other interest similar to such interest. Otherwise 0%.
7	Dividends – 10% tax rate to companies holding 25% or more of the voting rights for the last 6 months. Otherwise 15%.
8	Interest – 0% tax rate to governments, certain government-related entities, residents receiving interest with respect to certain government-related debt-claims, enterprises and pension funds (in the case of pension funds, only if dividends are derived from administering or providing pensions or similar activities), other than in case of interest determined by reference to receipts, sales, income, profits or other cash flow of the debtor or a related person, to any change in the value of any property of the debtor or a related person or to any dividends, partnership distribution or similar payment made by the debtor or a related person. Otherwise 10%.
9	Interest – 0% tax rate to governments and certain government-related entities. Otherwise 12.5%.
10	Royalties – 15% tax rate to royalties for the use of, or the right to use copyright of cinematograph films and films or tapes for radio or television broadcasting and no reduced tax rate under the DTT to royalties for the use of, or the right to use, trade marks. Otherwise 12.5%.
11	Dividends - 5% tax rate to companies directly or indirectly holding 10% or more of the voting rights for the last 6 months. Otherwise 10%.
12	Dividends - 5% tax rate to companies holding 25% or more of the voting rights for the last 6 months. Otherwise 15%.
13	Dividends - 0% tax rate to pension funds (unless dividends are derived from the carrying on of a business directly or indirectly by such pension funds) and 5% tax rate to companies directly holding 25% or more of the voting rights for the last 6 months. Otherwise 15%.
14	Interest – 4% tax rate to financial institutions, other similar enterprises, and enterprises that sold machinery or equipment, where the interest paid is with respect to indebtedness arising as a part of the sale on credit of such machinery or equipment. Otherwise 10%.
15	Royalties – 2% tax rate to royalties for the use of, or the right to use, industrial, commercial or scientific equipment. Otherwise 10%.
16	Dividends – 0% tax rate to certain qualified companies directly or indirectly holding 25% or more of the voting rights for the last 365 days. Otherwise 5%.
17	Interest – 0% tax rate to governments, certain government-related entities and residents receiving interest with respect to certain government-related debt-claims. Otherwise 5%.
18	Dividends - 0% tax rate to companies directly holding 10% or more of the voting rights for the last 6 months and pension funds (in the case of pension funds, only if dividends are derived from administering or providing pensions or similar activities). Otherwise 15%.
19	Interest – 10% tax rate to interest determined by reference to receipts, sales, income, profits or other cash flow of the debtor or a related person, to any change in the value of any property of the debtor or a related person or to any dividend, partnership distributions or similar payment made by the debtor or a related person, or any other interest similar to such interest. Otherwise 0%.
20	Interest – 0% tax rate to governments, certain government-related entities, banks and residents receiving interest with respect to certain government-related debt-claims. Otherwise 10%.
21	Dividends - 0% tax rate to companies directly or indirectly holding 10% or more of the voting rights for the last 6 months. Otherwise 10%.

Footnotes	
22	Dividends – 0% tax rate to companies directly or indirectly holding 25% or more of the voting rights or holding 15% or more of the voting rights for the last 6 months and 5% tax rate to companies directly or indirectly holding 10% or more of the voting rights for the last 6 months. Otherwise 10%.
23	Interest – 0% tax rate to governments, certain government-related entities, residents receiving interest with respect to certain government-related debt-claims or indebtedness arising as a part of the sale on credit of equipment or merchandise, and financial institutions and other similar enterprises. Otherwise 10%.
24	Dividends - 0% tax rate to companies directly holding 25% or more of the voting rights for the last 18 months and 5% tax rate to companies directly holding 10% or more of the voting rights for the last 6 months. Otherwise 15%.
25	Dividends – 0% tax rate to companies directly or indirectly holding 25% or more of the voting rights for the last 6 months and pension funds and 5% tax rate to companies directly or indirectly holding 10% or more of the voting rights for the last 6 months. Otherwise 15%.
26	Dividends – 10% tax rate to companies holding 25% or more of the voting rights for the last 12 months. Otherwise 15%.
27	Dividends – 5% tax rate to companies directly or indirectly holding 20% or more of the voting rights for the last 365 days. Otherwise 10%.
28	Dividends - 5% tax rate to companies directly or indirectly holding 10% or more of the voting rights for the last 6 months. Otherwise 15%.
29	Interest – 0% tax rate to governments and certain government-related entities. Otherwise 10%.
30	Dividends - 10% tax rate to individuals. Otherwise 0%.
31	Interest – 10% tax rate to individuals. Otherwise 0%.
32	Dividends - 0% tax rate to certain qualified companies holding 25% or more of the voting rights for the last 6 months and 5% tax rate to companies holding 25% or more of the voting rights for the last 6 months. Otherwise 15%.
33	Interest – 10% tax rate to interest received by a bank or insurance company, derived from bonds and securities regularly and substantially traded at a recognized stock exchange, paid by a bank or paid to a seller of equipment or merchandise in respect of the sale on credit of such equipment or merchandise. Otherwise 15%.
34	Dividends - 5% tax rate to companies directly holding 10% or more of the voting rights. Otherwise 10%.
35	Royalties – 5% tax rate to royalties for the use of, or the right to use, industrial, commercial or scientific equipment. Otherwise 10%.
36	Dividends – 0% tax rate to companies holding 50% or more of the voting rights directly or indirectly for the last 6 months and pension funds (unless dividends are derived the carrying on of a business directly or indirectly by such pension funds) and 5% tax rate to companies directly or indirectly holding 10% or more of the voting rights for the last 6 months. Otherwise 10%.
37	Interest – 0% tax rate to governments, certain government-related entities, residents receiving interest with respect to certain government-related debt-claims or indebtedness arising as a part of the sale on credit of equipment or merchandise, financial institutions and other similar enterprises and pension funds (unless interest is derived from the carrying on of a business directly or indirectly by such pension funds). Otherwise 10%.
38	Dividends – 0% tax rate to certain qualified companies holding 10% or more of the voting rights directly or indirectly for the last 6 months. Otherwise 15%.
39	Interest – 0% tax rate to governments, certain government-related entities, residents receiving interest with respect to certain government-related debt-claims and financial institutions unrelated to and dealing wholly independently with the payer. Otherwise 10%.

Footnotes	
40	Dividends - 5% tax rate to companies directly holding 50% or more of the voting rights for the last 6 months and 7.5% tax rate to companies directly holding 25% or more of the voting rights for the last 6 months. Otherwise 10%.
41	Dividends - 10% tax rate to companies directly holding 10% or more of the voting rights for the last 6 months. Otherwise 15%.
42	Royalties – 15% tax rate to royalties for the use of, or the right to use cinematograph films and films or tapes for radio or television broadcasting. Otherwise 10%.
43	Dividends - 5% tax rate to companies directly holding 10% or more of the voting rights for the last 12 months. Otherwise 10%.
44	Interest – 0% tax rate to governments and certain government-related entities and 5% to banks. Otherwise 10%.
45	Royalties –10% tax rate to royalties for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films and films or tapes for radio or television broadcasting and 15% tax rate to royalties for the use of, or the right to use, any patent, trade mark, design or model, Action, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.
46	Dividends - 0% tax rate to pension funds (only if dividends are derived from administering or providing pensions or similar activities), 5% tax rate to companies directly holding 15% or more of the voting rights for the last 365 days and 15% tax rate to dividends on shares or comparable interests which derive 50% or more of their value directly or indirectly from immovable property in Japan at any time during the last 365 days. Otherwise 10%.
47	Dividends - 5% tax rate to companies directly or indirectly holding 10% or more of the voting rights for the last 183 days. Otherwise 10%.
48	Dividends – 5% tax rate to companies directly holding 25% or more of the voting rights for the last 365 days. Otherwise 10%.
49	Royalties – 5% tax rate to royalties for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films and 10% tax rate to royalties for the use of, or the right to use, any patent, trade mark, design or model, Action, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.
50	Interest – 0% tax rate to governments, certain government-related entities, institutions acting for promoting export, investment or development and residents receiving interest with respect to certain debt-claims related to such an institution. Otherwise 5%.
51	Dividends - 0% tax rate to companies directly or indirectly holding 10% or more of the voting rights for the last 12 months and recognized pension funds (in the case of recognized pension funds, only if dividends are derived from administering or providing pensions or similar activities and contributions made by an individual to the pension funds are deductible in computing his taxable income). Otherwise 5%.
52	Dividends – 20% tax rate (or 15.315% if the applicable domestic rate is 15.315%) to companies. Otherwise no reduced tax rate under the DTT.
53	Interest – 0% tax rate to banking institutions. Otherwise no reduced tax rate under the DTT.
54	Royalties – 0% tax rate to royalties for the use of, or the right to use, any copyright or cinematograph films and 10.21% tax rate to royalties for the use of, or the right to use, any patents, designs or models, Actions, secret processes or formulae, trade marks and other like property and rights. Otherwise no reduced tax rate under the DTT.
55	Dividends – 0% tax rate to companies directly or indirectly holding 10% or more of the voting rights for the last 6 months. Otherwise 10%.

Footnotes	
56	Dividends – 0% tax rate to companies directly or indirectly holding 50% or more of the voting rights for the last 6 months, pension funds and pension schemes (in the case of pension funds or pension schemes, only if dividends are derived from administering or providing pensions or similar activities) and 5% tax rate to companies directly or indirectly holding 10% or more of the voting rights for the last 6 months. Otherwise 10%.
57	Interest – 0% tax rate to governments, certain government-related entities, residents receiving interest with respect to certain government-related debt-claims or indebtedness arising as a part of the sale on credit of equipment or merchandise, financial institutions and other similar enterprises, pension funds and pension schemes (in the case of pension funds or pension schemes, only if interest is derived from administering or providing pensions or similar activities). Otherwise 10%.
58	Dividends – 15% tax rate to dividends paid by a company engaged in an industrial undertaking to companies holding 25% or more of the voting rights for the last 6 months and 20% tax rate (or 15.315% if the applicable domestic rate is 15.315%) to dividends paid by a company not engaged in an industrial undertaking to companies holding 25% or more of the voting rights for the last 6 months. Otherwise no reduced tax rate under the DTT.
59	Interest – 0% tax rate to governments and certain government-related entities and 10% tax rate to financial institutions (including insurance companies). Otherwise no reduced tax rate under the DTT.
60	Interest – 10% tax rate to financial institutions. Otherwise 15%.
61	Dividends – 0% tax rate to companies directly or indirectly holding 10% or more of the voting rights for the last 6 months, pension funds and pension schemes (unless dividends are derived from the carrying on of a business directly or indirectly by such pension funds or pension schemes). Otherwise 10%.
62	Dividends – 0% tax rate to certain qualified companies holding 50% or more of the voting rights directly or indirectly through one or more residents of Japan or the US for the last 6 months and pension funds (unless dividends are derived the carrying on of a business directly or indirectly by such pension funds) and 5% tax rate to companies directly or indirectly holding 10% or more of the voting rights. Otherwise 10%.
63	Dividends – 5% tax rate to companies directly holding 10% or more of the voting rights for the last 183 days. Otherwise 10%.
64	Interest – 0% tax rate to governments, certain government-related entities, residents receiving interest with respect to certain government-related debt-claims and financial institutions (in the case of financial institutions, only if such interest is paid by a financial institution or paid in respect of debt-claims granted for 3 years or longer for the financing of investment projects). Otherwise 10%.
65	Royalties – 0% tax rate to royalties for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films. Otherwise 5%.

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