

## TAXREP 54/04

### RENEGOTIATION OF UK JAPAN DOUBLE TAX AGREEMENT

*Memorandum submitted at the beginning of November 2004 by the Tax Faculty of the Institute of Chartered Accountants in England and Wales to the Inland Revenue in advance of the latter's visit from 8 to 12 November to Tokyo to review the 1969 Treaty(as amended by the 1980 Memorandum)*

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# Tax Representation

## RENEGOTIATION OF UK JAPAN DOUBLE TAX AGREEMENT

### INTRODUCTION

1. The present paper makes suggestions as to the provisions which we consider would be desirable in any new Double Taxation Agreement between the UK and Japan. This is in response to the Inland Revenue Press Release of 27 October 2004 announcing that the UK negotiating team would be spending the week of 8 to 12 November in Tokyo discussing the provisions to be included in the new Treaty.

### WHO WE ARE

2. The Institute of Chartered Accountants in England and Wales ('ICAEW') is the largest accountancy body in Europe, with more than 126,000 members. Three thousand new members qualify each year. The prestigious qualifications offered by the Institute are recognised around the world and allow members to call themselves Chartered Accountants and to use the designatory letters ACA or FCA.
3. The Institute operates under a Royal Charter, working in the public interest. It is regulated by the Department of Trade and Industry through the Accountancy Foundation. Its primary objectives are to educate and train Chartered Accountants, to maintain high standards for professional conduct among members, to provide services to its members and students, and to advance the theory and practice of accountancy, including taxation.
4. The Tax Faculty is the focus for tax within the Institute. It is responsible for tax representations on behalf of the Institute as a whole and it also provides various tax services including the monthly newsletter 'TAXline' to more than 11,000 members of the ICAEW who pay an additional subscription.

### COMMENTS

5. We believe that any new Agreement between the UK and Japan should ensure that there is no withholding tax levied on flows of income represented by interest, royalties and dividends between the two countries.
6. We also believe that there should be no Capital Gains Tax on disposals by UK resident companies of shareholdings equal to, or greater than, 25 per cent in Japanese associated companies. The current position is contrary to the OECD Model Convention.

IKY November 2004