

CONVENTION BETWEEN  
JAPAN AND THE KINGDOM OF BELGIUM  
FOR THE ELIMINATION OF DOUBLE TAXATION  
WITH RESPECT TO TAXES ON INCOME  
AND THE PREVENTION OF TAX EVASION AND AVOIDANCE

Japan,  
on the one hand,

and

the Kingdom of Belgium  
(including the Flemish Community,  
the French Community,  
the German-speaking Community,  
the Flemish Region,  
the Walloon Region,  
and the Brussels-Capital Region),  
on the other hand,

Desiring to further develop their economic relationship  
and to enhance their cooperation in tax matters,

Intending to conclude a Convention for the elimination  
of double taxation with respect to taxes on income without  
creating opportunities for non-taxation or reduced taxation  
through tax evasion or avoidance (including through treaty-  
shopping arrangements aimed at obtaining reliefs provided in  
this Convention for the indirect benefit of residents of  
third States),

Have agreed as follows:

Article 1  
PERSONS COVERED

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

2. For the purposes of this Convention, income derived by or through an entity or arrangement that is treated as wholly or partly fiscally transparent under the tax law of either Contracting State shall be considered to be income of a resident of a Contracting State but only to the extent that the income is treated, for purposes of taxation by that Contracting State, as the income of a resident of that Contracting State. In no case shall the provisions of this paragraph be construed so as to restrict in any way a Contracting State's right to tax the residents of that Contracting State. For the purposes of this paragraph, the term "fiscally transparent" means situations where, under the tax law of a Contracting State, income or part thereof of an entity or arrangement is not taxed at the level of the entity or arrangement but at the level of the persons who have an interest in that entity or arrangement as if that income or part thereof were directly derived by such persons at the time when that income or part thereof is realised whether or not that income or part thereof is distributed by that entity or arrangement to such persons.

Article 2  
TAXES COVERED

1. The existing taxes to which this Convention shall apply are:

- (a) in the case of Japan:
  - (i) the income tax;
  - (ii) the corporation tax;
  - (iii) the special income tax for reconstruction;
  - (iv) the local corporation tax; and
  - (v) the local inhabitant taxes(hereinafter referred to as "Japanese tax"); and
- (b) in the case of Belgium:
  - (i) the individual income tax;
  - (ii) the corporate income tax;
  - (iii) the income tax on legal entities;
  - (iv) the income tax on non-residents; and

(v) the withholding tax on immovable property;  
including the prepayments and the surcharges on  
these taxes and prepayments

(hereinafter referred to as "Belgian tax").

2. This Convention shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes that have been made in their taxation laws.

### Article 3 GENERAL DEFINITIONS

1. For the purposes of this Convention, unless the context otherwise requires:

- (a) the term "Japan", when used in a geographical sense, means all the territory of Japan, including its territorial sea, in which the laws relating to Japanese tax are in force, and all the area beyond its territorial sea, including the seabed and subsoil thereof, over which Japan has sovereign rights in accordance with international law and in which the laws relating to Japanese tax are in force;
- (b) the term "Belgium" means the Kingdom of Belgium; used in a geographical sense, it means the territory of the Kingdom of Belgium, including the territorial sea, and any other area in the sea within which the Kingdom of Belgium, in accordance with international law, exercises sovereign rights or its jurisdiction;
- (c) the terms "a Contracting State" and "the other Contracting State" mean Japan or Belgium, as the context requires;
- (d) the term "person" includes an individual, a company and any other body of persons;
- (e) the term "company" means any body corporate or any entity that is treated as a body corporate for tax purposes;
- (f) the term "enterprise" applies to the carrying on of any business;

- (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 "international traffic" means any transport by a ship or aircraft operated by an enterprise of a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;
- (i) the term "national", in relation to a Contracting State, means:
  - (i) any individual possessing the nationality or citizenship of that Contracting State; and
  - (ii) any legal person, partnership or association deriving its status as such from the laws in force in that Contracting State;
- (j) the term "competent authority" means:
  - (i) in the case of Japan, the Minister of Finance or his authorised representative; and
  - (ii) in the case of Belgium, as the case may be, the Minister in charge of finance of the Federal Government and/or of the Government of a Region and/or of a Community, or his authorised representative;
- (k) the term "business" includes the performance of professional services and of other activities of an independent character; and
- (l) the term "pension fund" means any person that:
  - (i) is established under the laws of a Contracting State; and
  - (ii) is operated principally to administer or provide pensions, retirement benefits or other similar remuneration or to earn income for the benefit of one or more persons operated principally to administer or provide pensions, retirement benefits or other similar remuneration;

provided that it is:

- (iii) in the case of Japan, exempt from tax in Japan with respect to income derived from the activities described in clause (ii);
- (iv) in the case of Belgium, supervised by the Financial Services and Markets Authority or by the National Bank of Belgium or registered with the Belgian Federal Public Service Finance.

2. As regards the application of this Convention at any time by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the laws of that Contracting State for the purposes of the taxes to which the Convention applies, any meaning under the applicable tax laws of that Contracting State prevailing over a meaning given to the term under other laws of that Contracting State.

#### Article 4 RESIDENT

1. For the purposes of this Convention, the term "resident of a Contracting State" means any person who, under the laws of that Contracting State, is liable to tax therein by reason of his domicile, residence, place of head or main office, place of management or any other criterion of a similar nature, and also includes that Contracting State and any political subdivision or local authority thereof. This term, however, does not include any person who is liable to tax in that Contracting State in respect only of income from sources in that Contracting State.

2. Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then his status shall be determined as follows:

- (a) he shall be deemed to be a resident only of the Contracting State in which he has a permanent home available to him; if he has a permanent home available to him in both Contracting States, he shall be deemed to be a resident only of the Contracting State with which his personal and economic relations are closer (centre of vital interests);

- (b) if the Contracting State in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either Contracting State, he shall be deemed to be a resident only of the Contracting State in which he has an habitual abode;
- (c) if he has an habitual abode in both Contracting States or in neither of them, he shall be deemed to be a resident only of the Contracting State of which he is a national;
- (d) if he is a national of both Contracting States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

3. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, the competent authorities of the Contracting States shall endeavour to determine by mutual agreement the Contracting State of which such person shall be deemed to be a resident for the purposes of this Convention, having regard to its place of head or main office, its place of effective management, the place where it is incorporated or otherwise constituted and any other relevant factors. In the absence of such agreement, such person shall be deemed not to be a resident of either Contracting State for the purposes of Articles 6 to 21.

#### Article 5 PERMANENT ESTABLISHMENT

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

2. The term "permanent establishment" includes especially:

- (a) a place of management;
- (b) a branch;
- (c) an office;
- (d) a factory;
- (e) a workshop; and

- (f) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.

3. A building site or construction or installation project constitutes a permanent establishment only if it lasts more than twelve months.

4. Notwithstanding the preceding provisions of this Article, the term "permanent establishment" shall be deemed not to include:

- (a) the use of facilities solely for the purpose of storage or display 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 or display;
- (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 of collecting information, for the enterprise;
- (e) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any activity not listed in subparagraphs (a) to (d), provided that this activity has a preparatory or auxiliary character; or
- (f) the maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs (a) to (e), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

5. Paragraph 4 shall not apply to a fixed place of business that is used or maintained by an enterprise if the same enterprise or a closely related enterprise carries on business activities at the same place or at another place in the same Contracting State and

- (a) that place or other place constitutes a permanent establishment for the enterprise or the closely related enterprise under the provisions of this Article, or
- (b) the overall activity resulting from the combination of the activities carried on by the two enterprises at the same place, or by the same enterprise or closely related enterprises at the two places, is not of a preparatory or auxiliary character,

provided that the business activities carried on by the two enterprises at the same place, or by the same enterprise or closely related enterprises at the two places, constitute complementary functions that are part of a cohesive business operation.

6. Notwithstanding the provisions of paragraphs 1 and 2 but subject to the provisions of paragraph 7, where a person is acting in a Contracting State on behalf of an enterprise and, in doing so, habitually concludes contracts, or habitually plays the principal role leading to the conclusion of contracts that are routinely concluded without material modification by the enterprise, and these contracts are

- (a) in the name of the enterprise, or
- (b) for the transfer of the ownership of, or for the granting of the right to use, property owned by that enterprise or that the enterprise has the right to use, or
- (c) for the provision of services by that enterprise,

that enterprise shall be deemed to have a permanent establishment in that Contracting State in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

7. Paragraph 6 shall not apply where the person acting in a Contracting State on behalf of an enterprise of the other Contracting State carries on business in the first-mentioned Contracting State as an independent agent and acts for the enterprise in the ordinary course of that business. Where, however, a person acts exclusively or almost exclusively on behalf of one or more enterprises to which it is closely related, that person shall not be considered to be an independent agent within the meaning of this paragraph with respect to any such enterprise.

8. For the purposes of this Article, a person is closely related to an enterprise if, based on all the relevant facts and circumstances, one has control of the other or both are under the control of the same persons or enterprises. In any case, a person shall be considered to be closely related to an enterprise if one possesses directly or indirectly more than 50 per cent of the beneficial interest in the other (or, in the case of a company, more than 50 per cent of the aggregate vote and value of the company's shares or of the beneficial equity interest in the company) or if another person possesses directly or indirectly more than 50 per cent of the beneficial interest (or, in the case of a company, more than 50 per cent of the aggregate vote and value of the company's shares or of the beneficial equity interest in the company) in the person and the enterprise.

9. 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 INCOME FROM IMMOVABLE PROPERTY

1. Income derived by a resident of a Contracting State from immovable property (including income from agriculture or forestry) situated in the other Contracting State may be taxed in that other Contracting State.

2. The term "immovable property" shall have the meaning which it has under 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, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed 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 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 shall also apply to the income from immovable property of an enterprise.

#### Article 7 BUSINESS PROFITS

1. 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 that are attributable to the permanent establishment in accordance with the provisions of paragraph 2 may be taxed in that other Contracting State.

2. For the purposes of this Article and Article 23, the profits that are attributable in each Contracting State to the permanent establishment referred to in paragraph 1 are the profits it might be expected to make, in particular in its dealings with other parts of the enterprise, if it were a separate and independent enterprise engaged in the same or similar activities under the same or similar conditions, taking into account the functions performed, assets used and risks assumed by the enterprise through the permanent establishment and through the other parts of the enterprise.

3. Where, in accordance with paragraph 2, a Contracting State adjusts the profits that are attributable to a permanent establishment of an enterprise of one of the Contracting States and taxes accordingly profits of the enterprise that have been charged to tax in the other Contracting State, that other Contracting State shall, to the extent necessary to eliminate double taxation on these profits, make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, the competent authorities of the Contracting States shall if necessary consult each other.

4. 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 SHIPPING AND AIR TRANSPORT

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

2. Notwithstanding the provisions of Article 2, an enterprise of a Contracting State shall be exempt in respect of its carrying on the operation of ships or aircraft in international traffic from, in the case of an enterprise of Belgium, the enterprise tax of Japan and, in the case of an enterprise of Japan, any tax similar to the enterprise tax of Japan which is imposed after the date of signature of this Convention in Belgium.

3. The provisions of the preceding paragraphs of this Article shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

#### Article 9 ASSOCIATED ENTERPRISES

1. 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.

2. Where a Contracting State includes in the profits of an enterprise of that Contracting State - and taxes accordingly - profits on which an enterprise of the other Contracting State has been charged to tax in that other Contracting State and the profits so included are profits which would have accrued to the enterprise of the first-mentioned Contracting State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other Contracting State shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this Convention and the competent authorities of the Contracting States shall if necessary consult each other.

3. Notwithstanding the provisions of paragraph 1, a Contracting State shall not change the profits of an enterprise of that Contracting State in the circumstances referred to in that paragraph after ten years from the end of the taxable period in which the profits that would be subjected to such change would, but for the conditions referred to in that paragraph, have accrued to that enterprise.

#### Article 10 DIVIDENDS

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, dividends paid by a company which is a resident of a Contracting State may also be taxed in that Contracting State according to the laws of that Contracting State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the dividends.

3. Notwithstanding the provisions of paragraph 2, dividends paid by a company which is a resident of a Contracting State shall be taxable only in the other Contracting State if the beneficial owner of the dividends is a resident of that other Contracting State and is either:

- (a) a company which has owned, directly or indirectly, at least 10 per cent of the voting power of the company paying the dividends for the period of six months ending on the date on which entitlement to the dividends is determined; or
- (b) a pension fund, provided that such dividends are derived from the activities referred to in clause (ii) of subparagraph (1) of paragraph 1 of Article 3.

4. The provisions of subparagraph (a) of paragraph 3 shall not apply in the case of dividends paid by a company which is entitled to a deduction for dividends paid to its beneficiaries in computing its taxable income in Japan.

5. The provisions of paragraphs 2 to 4 shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

6. 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 which is subjected to the same taxation treatment as income from shares by the tax laws of the Contracting State of which the company making the distribution is a resident.

7. The provisions of paragraphs 1 to 4 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident through a permanent establishment situated therein and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

8. 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, except insofar as such dividends are paid to a resident of that other Contracting State or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment situated in that other Contracting State, nor subject the company's undistributed profits to a tax on the company's undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other Contracting State.

Article 11  
INTEREST

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, interest arising in a Contracting State may also be taxed in that Contracting State according to the laws of that Contracting State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the interest.

3. Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State shall be taxable only in the other Contracting State if it is:

- (a) paid by an enterprise of that Contracting State and beneficially owned by an enterprise of that other Contracting State;
- (b) beneficially owned by a pension fund that is a resident of that other Contracting State, provided that such interest is derived from the activities referred to in clause (ii) of subparagraph (1) of paragraph 1 of Article 3;
- (c) beneficially owned by the Government of that other Contracting State, a political subdivision or local authority thereof, the central bank thereof or any institution wholly owned by that Government or political subdivision or local authority; or

- (d) beneficially owned by a resident of that other Contracting State with respect to debt-claims guaranteed, insured or indirectly financed by any institution wholly owned by the Government of that other Contracting State or a political subdivision or local authority thereof.

4. The provisions of paragraph 3 shall not apply to interest that is 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.

5. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures, and all other income that is subjected to the same taxation treatment as income from money lent by the tax laws of the Contracting State in which the income arises. Income dealt with in Article 10 and penalty charges for late payment shall not, however, be regarded as interest for the purposes of this Article.

6. The provisions of paragraphs 1 to 4 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises through a permanent establishment situated therein and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

7. Interest shall be deemed to arise in a Contracting State when the payer is 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.

8. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, 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 beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such 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 ROYALTIES

1. Royalties arising in a Contracting State and beneficially owned by a resident of the other Contracting State shall be taxable only in that other 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 literary, artistic or scientific work including cinematograph films, or any patent, trade mark, design or model, plan, or secret formula or process, or for information concerning industrial, commercial or scientific experience.

3. The provisions of paragraph 1 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise through a permanent establishment situated therein and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

4. Royalties shall be deemed to arise in a Contracting State when the payer is 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. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, 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 beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such 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 CAPITAL GAINS

1. Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 6 and situated in the other Contracting State may be taxed in that other Contracting State.

2. Gains derived by a resident of a Contracting State from the alienation of shares of a company or comparable interests, such as interests in a partnership or trust, may be taxed in the other Contracting State if, at any time during the 365 days preceding the alienation, these shares or comparable interests derived at least 50 per cent of their value directly or indirectly from immovable property, as defined in Article 6, situated in that other Contracting State, unless the shares or comparable interests are traded on a recognised stock exchange specified in subparagraph (b) of paragraph 8 of Article 22 and the resident and persons related to that resident own in the aggregate 5 per cent or less of the class of the shares or comparable interests.

3. Gains from the alienation of any property, other than immovable property, forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise), may be taxed in that other Contracting State.

4. Gains derived by an enterprise of a Contracting State from the alienation of ships or aircraft operated by that enterprise in international traffic or any property, other than immovable property, pertaining to the operation of such ships or aircraft shall be taxable only in that Contracting State.

5. Gains from the alienation of any property other than that referred to in the preceding paragraphs of this Article shall be taxable only in the Contracting State of which the alienator is a resident.

Article 14  
INCOME FROM EMPLOYMENT

1. Subject to the provisions of Articles 15, 17 and 18, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that Contracting State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other Contracting State.

2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned 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 any twelve month period commencing or ending in the taxable period concerned;
- (b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other Contracting State; and
- (c) the remuneration is not borne by a permanent establishment which the employer has in the other Contracting State.

3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic by an enterprise of a Contracting State may be taxed in that Contracting State.

Article 15  
DIRECTORS' FEES

1. Directors' fees and other similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors, or of a similar organ, of a company which is a resident of the other Contracting State may be taxed in that other Contracting State.

2. The provisions of paragraph 1 shall apply mutatis mutandis to remuneration derived in respect of the discharge of functions which, under the laws of the Contracting State of which the company is a resident, are regarded as functions of a similar nature as those exercised by a person in his capacity referred to in that paragraph.

3. Notwithstanding the preceding provisions of this Article, the provisions of Article 14 shall apply mutatis mutandis to remuneration derived by a resident of either Contracting State referred to in paragraph 1 from a company which is a resident of Belgium in respect of the discharge of day-to-day functions of a managerial or technical, commercial or financial nature, as if such remuneration were derived by an employee in respect of an employment and as if references to the "employer" in subparagraphs (b) and (c) of paragraph 2 of Article 14 were references to the "company". The provisions of this paragraph shall also apply to remuneration derived by a resident of either Contracting State in respect of his day-to-day activity as a partner of a company, other than a company with share capital, which is a resident of Belgium.

#### Article 16 ENTERTAINERS AND SPORTSPERSONS

1. Notwithstanding the provisions of Article 14, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as a sportsperson, from that resident's personal activities as such exercised in the other Contracting State, may be taxed in that other Contracting State.

2. Where income in respect of personal activities exercised by an entertainer or a sportsperson acting as such accrues not to the entertainer or sportsperson but to another person, that income may, notwithstanding the provisions of Article 14, be taxed in the Contracting State in which the activities of the entertainer or sportsperson are exercised.

Article 17  
PENSIONS AND ALIMONY

1. Subject to the provisions of paragraph 2 of Article 18, pensions and other similar remuneration beneficially owned by a resident of a Contracting State shall be taxable only in that Contracting State. However, such pensions and other similar remuneration may also be taxed in the other Contracting State if they arise in that other Contracting State.

2. Periodic payments, including payments for the support of a child, made by reason of divorce or separation and paid by a resident of a Contracting State to a resident of the other Contracting State shall be taxable only in the first-mentioned Contracting State. However, such payments shall not be taxable in either Contracting State if the individual making such payments is not entitled to a deduction for such payments in computing taxable income in the first-mentioned Contracting State.

Article 18  
GOVERNMENT SERVICE

1. (a) Salaries, wages and other similar remuneration paid by a Contracting State or a political subdivision or local authority thereof to an individual in respect of services rendered to that Contracting State or political subdivision or local authority shall be taxable only in that Contracting State.
- (b) However, such salaries, wages and other similar remuneration shall be taxable only in the other Contracting State if the services are rendered in that other Contracting State and the individual is a resident of that other Contracting State who:
  - (i) is a national of that other Contracting State; or
  - (ii) did not become a resident of that other Contracting State solely for the purpose of rendering the services.

2. (a) Notwithstanding the provisions of paragraph 1, pensions and other similar remuneration paid by, or out of funds which are created by or to which contributions are made by, a Contracting State or a political subdivision or local authority thereof to an individual in respect of services rendered to that Contracting State or political subdivision or local authority shall be taxable only in that Contracting State.

(b) However, such pensions and other similar remuneration shall be taxable only in the other Contracting State if the individual is a resident of, and a national of, that other Contracting State.

3. The provisions of Articles 14, 15, 16 and 17 shall apply to salaries, wages, pensions, and other similar remuneration in respect of services rendered in connection with a business carried on by a Contracting State or a political subdivision or local authority thereof.

#### Article 19 STUDENTS

Payments which a student or business apprentice who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first-mentioned Contracting State solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in the first-mentioned Contracting State, provided that such payments arise from sources outside the first-mentioned Contracting State. The exemption provided by this Article shall apply to a business apprentice only for a period not exceeding one year from the date on which he first begins his training in the first-mentioned Contracting State.

#### Article 20 SILENT PARTNERSHIP (TOKUMEI KUMIAI)

Notwithstanding any other provisions of this Convention, any income and gains derived by a silent partner who is a resident of Belgium in respect of a silent partnership (Tokumei Kumiai) contract or another similar contract may be taxed in Japan according to its laws if such income and gains arise in Japan.

Article 21  
OTHER INCOME

1. Items of income beneficially owned by a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Convention shall be taxable only in that Contracting State.

2. The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6, if the beneficial owner of such income, being a resident of a Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein and the right or property in respect of which the income is paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

3. Where, by reason of a special relationship between the resident referred to in paragraph 1 and the payer or between both of them and some other person, the amount of the income referred to in paragraph 1 exceeds the amount which would have been agreed upon between them in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the income shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

Article 22  
ENTITLEMENT TO BENEFITS

1. Except as otherwise provided in this Article, a resident of a Contracting State shall be entitled to the benefits granted by the provisions of paragraph 3 of Article 10, paragraph 3 of Article 11 or paragraph 1 of Article 12 only if such resident is a qualified person as defined in paragraph 2.

2. A resident of a Contracting State is a qualified person only if such resident is either:

- (a) an individual;
- (b) the Government of that Contracting State, any political subdivision or local authority thereof or the central bank thereof;
- (c) a company, if its principal class of shares is regularly traded on one or more recognised stock exchanges;

- (d) a bank, an insurance company or a securities dealer that is established and regulated as such under the laws of that Contracting State;
- (e) a pension fund, provided that as of the beginning of the taxable period in which the claim to the benefit is made:
  - (i) more than 50 per cent of the beneficiaries, members or participants of the pension fund are individuals who are residents of either Contracting State; or
  - (ii) more than 75 per cent of the contributions made to the pension fund is derived from residents of either Contracting State which are qualified persons;
- (f) an organisation established under the laws of that Contracting State and operated exclusively for a religious, charitable, educational, scientific, artistic, cultural or public purpose, only if the tax laws of that Contracting State provide that all or part of its income is exempted from tax or that such person is only subjected to tax with respect to some types of income; or
- (g) a person other than an individual, if residents of either Contracting State that are qualified persons by reason of either of subparagraphs (a) to (f) own, directly or indirectly, at least 50 per cent of the voting power or other beneficial interests of the person.

3. A resident of a Contracting State shall be entitled to a benefit granted by the provisions of paragraph 3 of Article 10, paragraph 3 of Article 11 or paragraph 1 of Article 12 with respect to an item of income described in the respective paragraph if persons that are equivalent beneficiaries own, directly or indirectly, at least 75 per cent of the voting power or other beneficial interests of that resident.

4. For the purposes of applying the provisions of subparagraph (g) of paragraph 2 and paragraph 3, a resident of a Contracting State shall be considered to satisfy the conditions described in that subparagraph or paragraph only if such resident satisfies those conditions during the twelve month period preceding the date of the payment (or, in the case of dividends, the date on which entitlement to the dividends is determined).

5. (a) A resident of a Contracting State shall be entitled to the benefits granted by the provisions of paragraph 3 of Article 10, paragraph 3 of Article 11 or paragraph 1 of Article 12 with respect to an item of income described in the respective paragraph derived from the other Contracting State if:
- (i) the resident is carrying on business in the first-mentioned Contracting State (other than the business of making or managing investments for the resident's own account, unless the business is banking, insurance or securities business carried on by a bank, insurance company or securities dealer); and
  - (ii) that item of income is derived in connection with, or is incidental to, that business.
- (b) If a resident of a Contracting State derives an item of income from a business carried on by that resident in the other Contracting State or derives an item of income arising in the other Contracting State from a person that has with the resident a relationship described in subparagraph (a) or (b) of paragraph 1 of Article 9, the conditions described in subparagraph (a) of this paragraph shall be considered to be satisfied with respect to such item of income only if the business carried on in the first-mentioned Contracting State is substantial in relation to the business carried on in that other Contracting State. Whether such business is substantial for the purpose of this subparagraph shall be determined on the basis of all the facts and circumstances.

- (c) In determining whether a person is carrying on business in a Contracting State under subparagraph (a) of this paragraph, the business conducted by a partnership in which that person is a partner and the business conducted by persons connected to such person shall be deemed to be conducted by such person. A person shall be connected to another if one owns, directly or indirectly, at least 50 per cent of the beneficial interests in the other (or, in the case of a company, at least 50 per cent of the voting power of the company) or a third person owns, directly or indirectly, at least 50 per cent of the beneficial interests (or, in the case of a company, at least 50 per cent of the voting power of the company) in each person. In any case, a person shall be considered to be connected to another if, on the basis of all the facts and circumstances, one has control of the other or both are under the control of the same person or persons.
6. (a) A resident of a Contracting State shall be entitled to the benefits granted by the provisions of paragraph 3 of Article 10, paragraph 3 of Article 11 or paragraph 1 of Article 12 with respect to an item of income described in the respective paragraph derived from the other Contracting State if:
- (i) that resident functions as a headquarters company for a multinational corporate group; and
  - (ii) the item of income derived from that other Contracting State either is derived in connection with, or is incidental to, the business referred to in clause (ii) of subparagraph (b).
- (b) A resident of a Contracting State shall be considered a headquarters company for a multinational corporate group for the purpose of subparagraph (a) only if:
- (i) that resident provides a substantial portion of the overall supervision and administration of the group or provides financing for the group;

- (ii) the group consists of companies which are residents in, and are carrying on business in, at least five countries, and the business carried on in each of the five countries generates at least 5 per cent of the gross income of the group;
  - (iii) the business carried on in any one country other than that Contracting State generate less than 50 per cent of the gross income of the group;
  - (iv) no more than 50 per cent of its gross income is derived from the other Contracting State;
  - (v) that resident has, and exercises, independent discretionary authority to carry out the functions referred to in clause (i); and
  - (vi) that resident is subject to the same income taxation rules in that Contracting State as persons described in paragraph 5.
- (c) For the purposes of subparagraph (b), a resident of a Contracting State shall be deemed to satisfy the gross income requirements described in clause (ii), (iii) or (iv) of that subparagraph for the taxable period in which the item of income is derived if that resident satisfies each of those gross income requirements when averaging the gross income of the three taxable periods preceding that taxable period.

7. A resident of a Contracting State that is neither a qualified person nor entitled under paragraph 3, 5 or 6 to a benefit granted by the provisions of paragraph 3 of Article 10, paragraph 3 of Article 11 or paragraph 1 of Article 12 shall nevertheless be entitled to such benefits if the competent authority of the other Contracting State determines, in accordance with its domestic law or administrative practice, that the establishment, acquisition or maintenance of such resident and the conduct of its operations did not have the obtaining of such benefits as one of the principal purposes.

8. For the purposes of this Article:

- (a) the term "principal class of shares" means the class or classes of shares of a company which represent a majority of the voting power of the company;

- (b) the term "recognised stock exchange" means:
  - (i) any stock exchange established under the terms of the Financial Instruments and Exchange Law (Law No. 25 of 1948) of Japan;
  - (ii) any regulated market pursuant to the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (as amended) or any successor Directive;
  - (iii) Hong Kong Exchanges and Clearing, the NASDAQ System, the New York Stock Exchange, Singapore Exchange, SIX Swiss Exchange and the Taiwan Stock Exchange; and
  - (iv) any other stock exchange which the competent authorities of the Contracting States agree to recognise for the purposes of this Article;
- (c) the term "equivalent beneficiary" means any person who would be entitled to a benefit, with respect to the item of income in respect of which the benefit of this Convention is claimed to a Contracting State, granted by that Contracting State under the law of that Contracting State, this Convention or any other international instrument, provided that such benefit is equivalent to the benefit to be granted to that item of income under the Convention;
- (d) the term "gross income" means the total revenues derived by an enterprise from its business, less the direct costs of obtaining such revenues.

9. Notwithstanding the other provisions of this Convention, a benefit under the Convention shall not be granted in respect of an item of income if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of the Convention.

10. Where, pursuant to any provisions of this Convention, a Contracting State relieves or exempts from tax income of a resident of the other Contracting State and, under the laws of that other Contracting State, the resident is subjected to tax in that other Contracting State only on that part of such income as is remitted to or received in that other Contracting State, then such relief or exemption shall apply only to so much of such income as is remitted to or received in that other Contracting State.

Article 23  
ELIMINATION OF DOUBLE TAXATION

1. Subject to the provisions of the laws of Japan regarding the allowance as a credit against Japanese tax of tax payable in any country other than Japan, where a resident of Japan derives income from Belgium which may be taxed in Belgium in accordance with the provisions of this Convention, the amount of Belgian tax payable in respect of that income shall be allowed as a credit against the Japanese tax imposed on that resident. The amount of credit, however, shall not exceed the amount of the Japanese tax which is appropriate to that income.

2. (a) Where a resident of Belgium derives income, not being dividends, interest or royalties, which is taxed in Japan in accordance with the provisions of this Convention, Belgium shall exempt such income from tax but if such resident is an individual, Belgium shall only exempt such income from tax to the extent that such income is effectively taxed in Japan.

(b) Notwithstanding the provisions of subparagraph (a) and any other provision of this Convention, Belgium shall, for the determination of the additional taxes established by Belgian municipalities and conurbations, take into account the earned income (*revenus professionnels - beroepsinkomsten*) that is exempted from tax in Belgium in accordance with that subparagraph. These additional taxes shall be calculated on the tax which would be payable in Belgium if the earned income in question had arisen in Belgium.

Where in accordance with any provision of the Convention income derived by a resident of Belgium is exempted from tax in Belgium, Belgium may nevertheless, in calculating the amount of tax on the remaining income of such resident, apply the rate of tax which would have been applicable if such income had not been exempted.

- (c) Dividends derived by a company which is a resident of Belgium from a company which is a resident of Japan shall be exempted from the corporate income tax in Belgium under the conditions and within the limits provided for in Belgian law.
- (d) Where a company which is a resident of Belgium derives from a company which is a resident of Japan dividends which are not exempted in accordance with subparagraph (c), such dividends shall nevertheless be exempted from the corporate income tax in Belgium if the company which is a resident of Japan is effectively engaged in the active conduct of a business in Japan. In such case, such dividends shall be exempted under the conditions provided for in Belgian law except those conditions that are related to the taxation of the company which is a resident of Japan or the income out of which the dividends are paid. The provisions of this subparagraph shall only apply to dividends paid out of income generated by the active conduct of a business and shall not apply to the extent that the company that is a resident of Japan has deducted, or may deduct, the dividends from its profits.

For the purposes of this subparagraph, a company shall not be considered to be effectively engaged in the active conduct of a business in Japan where such company is an investment company, a financing company (other than a bank) or a treasury company or where such company holds any portfolio investment or any copyright, patent, trade mark, design, model, plan, secret formula or process which represents in the aggregate more than a third of its assets and such holding is not part of the active conduct of a business.

- (e) Where a company which is a resident of Belgium derives from a company which is a resident of Japan dividends which are included in its aggregate income for Belgian tax purposes and which are not exempted from the corporate income tax according to subparagraph (c) or (d), the Japanese tax charged on such dividends in accordance with paragraph 2 of Article 10 shall be allowed as a credit against Belgian tax relating to such dividends. The credit allowed shall not exceed that part of the Belgian tax which is proportionally relating to such dividends.

- (f) Subject to the provisions of Belgian law regarding the deduction from Belgian tax of taxes paid abroad, where a resident of Belgium derives items of his aggregate income for Belgian tax purposes which are interest or royalties, the Japanese tax charged on that income shall be allowed as a credit against Belgian tax relating to such income.
- (g) Where, in accordance with Belgian law, losses incurred by an enterprise carried on by a resident of Belgium in a permanent establishment situated in Japan have been effectively deducted from the profits of that enterprise for its taxation in Belgium, the exemption provided for in subparagraph (a) shall not apply in Belgium to the profits of other taxable periods attributable to that permanent establishment to the extent that those profits have also been exempted from tax in Japan by reason of deduction of such losses.

Article 24  
NON-DISCRIMINATION

1. 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 nationals of that other Contracting State in the same circumstances, in particular with respect to residence, are or may be subjected. The provisions of this paragraph shall, notwithstanding the provisions of Article 1, also apply to persons who are not residents of one or both of the Contracting States.

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. The provisions of this paragraph shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

3. Except where the provisions of paragraph 1 of Article 9, paragraph 8 of Article 11, paragraph 5 of Article 12 or paragraph 3 of Article 21 apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purposes of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned Contracting State.

4. 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 the first-mentioned Contracting State are or may be subjected.

5. The provisions of this Article shall, notwithstanding the provisions of Article 2, apply to taxes of every kind and description imposed on behalf of a Contracting State or of its political subdivisions or local authorities.

#### Article 25 MUTUAL AGREEMENT PROCEDURE

1. Where a person considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Convention, he may, irrespective of the remedies provided by the domestic law of those Contracting States, present his case to the competent authority of either Contracting State. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Convention.

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 a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with the provisions of this Convention. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.

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 the Convention.

4. The competent authorities of the Contracting States may communicate with each other directly, including through a joint commission consisting of themselves or their representatives, for the purpose of reaching an agreement in the sense of the preceding paragraphs of this Article.

5. Where,

- (a) under paragraph 1, a person has presented a case to the competent authority of a Contracting State on the basis that the actions of one or both of the Contracting States have resulted for that person in taxation not in accordance with the provisions of this Convention, and
- (b) the competent authorities are unable to reach an agreement to resolve that case pursuant to paragraph 2 within two years from the presentation of the case to the competent authority of the other Contracting State,

any unresolved issues arising from the case shall be submitted to arbitration if the person so requests. These unresolved issues shall not, however, be submitted to arbitration if a decision on these issues has already been rendered by a court or administrative tribunal of either Contracting State. Unless a person directly affected by the case informs the competent authority of a Contracting State, within 45 days from the communication of the mutual agreement that implements the arbitration decision or a longer period agreed upon by the competent authorities of the Contracting States in a particular case, that he does not accept the mutual agreement that implements the arbitration decision, that decision shall be binding on both Contracting States and shall be implemented notwithstanding any time limits in the domestic laws of these Contracting States. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this paragraph.

6. For the purposes of applying the provisions of paragraph 5:

- (a) The competent authorities of the Contracting States shall by mutual agreement establish a procedure in order to ensure that an arbitration decision will be implemented within two years from a request for arbitration as referred to in paragraph 5 unless actions or inaction of a person directly affected by the case in respect of which the request for arbitration has been made hinder the resolution of the case or unless the competent authorities of the Contracting States and that person otherwise agree.
- (b) An arbitration panel shall be established in accordance with the following rules:
  - (i) An arbitration panel shall consist of three arbitrators who are individuals with expertise or experience in international tax matters.
  - (ii) Each of the competent authorities of the Contracting States shall appoint one arbitrator who may, but need not, be a national of either Contracting State. The two arbitrators appointed by the competent authorities of the Contracting States shall appoint the third arbitrator who serves as the chair of the arbitration panel in accordance with the procedures agreed by the competent authorities of the Contracting States.
  - (iii) No arbitrator shall be an employee of the tax authority of either Contracting State, nor have dealt with the case in respect of which the request for arbitration has been made in any capacity. The third arbitrator shall not be a national of either Contracting State, nor have had his usual place of residence in either Contracting State, nor have been employed by either Contracting State.

- (iv) The competent authorities of the Contracting States shall ensure that all arbitrators agree, in statements sent to each of the competent authorities of the Contracting States, prior to their acting in an arbitration proceeding, to abide by and be subject to the same confidentiality and non-disclosure obligations as those described in paragraph 2 of Article 26 and under the laws of the Contracting States.
- (v) Each of the competent authorities of the Contracting States shall bear the costs of its appointed arbitrator and its own expenses. The costs of the third arbitrator and other expenses associated with the conduct of the arbitration proceedings shall be borne by the competent authorities of the Contracting States in equal shares.
- (c) The competent authorities of the Contracting States shall provide the information necessary for the arbitration decision to all arbitrators without undue delay.
- (d) An arbitration decision shall be treated as follows:
  - (i) An arbitration decision has no precedential value.
  - (ii) An arbitration decision shall be final, unless that decision is found to be unenforceable by a court of either Contracting State due to a violation of paragraph 5, of this paragraph or of any procedural rule determined in accordance with subparagraph (a) that may reasonably have affected the decision. If the decision is found to be unenforceable due to the violation, the request for arbitration shall be considered not to have been made and the arbitration process shall be considered not to have taken place (except for the purposes of clauses (iv) and (v) of subparagraph (b)).

- (e) Where at any time before the arbitration panel has delivered a decision on a case to the competent authorities of the Contracting States and to the person who made the request for arbitration in respect of the case:
  - (i) the competent authorities of the Contracting States reach a mutual agreement to resolve the case pursuant to paragraph 2; or
  - (ii) that person withdraws the request for arbitration; or
  - (iii) a decision concerning the case is rendered by a court or administrative tribunal of either Contracting State during the arbitration proceedings;

the procedures under this Article in respect of the case shall terminate.

- (f) Where a case in respect of which a request for arbitration has been made is pending in litigation or appeal, the mutual agreement that implements the arbitration decision on the case shall be considered not to be accepted by the person directly affected by the case if any person directly affected by the case who is a party to the litigation or appeal does not withdraw, within 60 days after receiving the decision of the arbitration panel, from consideration by the relevant court or administrative tribunal all issues resolved in the arbitration proceedings. In this case, the case shall not be eligible for any further consideration by the competent authorities of the Contracting States.
- (g) The provisions of paragraph 5 and this paragraph shall not apply to cases falling within paragraph 3 of Article 4.

Article 26  
EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting States shall exchange such information as is foreseeably relevant for carrying out the provisions of this Convention or to the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Contracting States, or of their political subdivisions or local authorities, insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Articles 1 and 2.

2. Any information received under paragraph 1 by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic law of that Contracting State and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, the determination of appeals in relation to the taxes referred to in paragraph 1, or the oversight of the above. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions. Notwithstanding the foregoing, information received by a Contracting State may be used for other purposes when such information may be used for such other purposes under the laws of both Contracting States and the competent authority of the Contracting State supplying the information authorises such use.

3. In no case shall the provisions of paragraphs 1 and 2 be construed so as to impose on a Contracting State the obligation:

- (a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;
- (b) to supply information which is 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; or

- (d) to obtain or provide information that would reveal confidential communications between a client and an attorney, solicitor or other admitted legal representative where such communications are:
  - (i) produced for the purposes of seeking or providing legal advice; or
  - (ii) produced for the purposes of use in existing or contemplated legal proceedings.

4. If information is requested by a Contracting State in accordance with this Article, the other Contracting State shall use its information gathering measures to obtain the requested information, even though that other Contracting State may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraph 3 but in no case shall such limitations be construed to permit a Contracting State to decline to supply information solely because it has no domestic interest in such information.

5. In no case shall the provisions of paragraph 3 be construed to permit a Contracting State to decline to supply information solely because the information is held by a bank, other financial institution, trust, foundation, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person.

#### Article 27

#### ASSISTANCE IN THE COLLECTION OF TAXES

1. The Contracting States shall lend assistance to each other in the collection of revenue claims. This assistance is not restricted by Articles 1 and 2. The competent authorities of the Contracting States may by mutual agreement settle the mode of application of this Article.

2. The term "revenue claim" as used in this Article means an amount owed in respect of the following taxes, insofar as the taxation thereunder is not contrary to this Convention or any other instrument to which the Contracting States are parties, as well as interest, administrative penalties and costs of collection or conservancy related to such amount:

- (a) in the case of Japan:

- (i) the taxes referred to in clauses (i) to (iv) of subparagraph (a) of paragraph 1 of Article 2;
  - (ii) the special corporation tax for reconstruction;
  - (iii) the consumption tax;
  - (iv) the local consumption tax;
  - (v) the inheritance tax; and
  - (vi) the gift tax;
- (b) in the case of Belgium:
- (i) the taxes referred to in subparagraph (b) of paragraph 1 of Article 2;
  - (ii) the value added tax;
  - (iii) the inheritance taxes;
  - (iv) the gift taxes; and
  - (v) the circulation tax and the tax on the entry into traffic service;
- (c) any other tax as may be agreed upon from time to time between the Governments of the Contracting States through an exchange of diplomatic notes;
- (d) any identical or substantially similar taxes that are imposed after the date of signature of this Convention in addition to, or in place of, the taxes covered by subparagraph (a), (b) or (c).

3. When a revenue claim of a Contracting State is enforceable under the laws of that Contracting State and is owed by a person who, at that time, cannot, under the laws of that Contracting State, prevent its collection, that revenue claim shall, at the request of the competent authority of that Contracting State, be accepted for purposes of collection by the competent authority of the other Contracting State. That revenue claim shall be collected by that other Contracting State in accordance with the provisions of its laws applicable to the enforcement and collection of its own taxes as if the revenue claim were a revenue claim of that other Contracting State that met the conditions allowing that other Contracting State to make a request under this paragraph.

4. When a revenue claim of a Contracting State is a claim in respect of which that Contracting State may, under its law, take measures of conservancy with a view to ensure its collection, that revenue claim shall, at the request of the competent authority of that Contracting State, be accepted for purposes of taking measures of conservancy by the competent authority of the other Contracting State. That other Contracting State shall take measures of conservancy in respect of that revenue claim in accordance with the provisions of its laws as if the revenue claim were a revenue claim of that other Contracting State even if, at the time when such measures are applied, the revenue claim is not enforceable in the first-mentioned Contracting State or is owed by a person who has a right to prevent its collection.

5. Notwithstanding the provisions of paragraphs 3 and 4, a revenue claim accepted by the competent authority of a Contracting State for purposes of paragraph 3 or 4 shall not, in that Contracting State, be subject to the time limits or accorded any priority applicable to a revenue claim under the laws of that Contracting State by reason of its nature as such. In addition, a revenue claim accepted by the competent authority of a Contracting State for the purposes of paragraph 3 or 4 shall not, in that Contracting State, have any priority applicable to that revenue claim under the laws of the other Contracting State.

6. Acts carried out by a Contracting State in the collection of a revenue claim accepted by the competent authority of that Contracting State for purposes of paragraph 3 or 4 which if they were carried out by the other Contracting State would have the effect of suspending or interrupting the time limits applicable to the revenue claim in accordance with the laws of that other Contracting State shall have such effect under the laws of that other Contracting State. The competent authority of the first-mentioned Contracting State shall inform the competent authority of the other Contracting State of having carried out such acts.

7. Proceedings with respect to the existence, validity or the amount of a revenue claim of a Contracting State shall not be brought before the courts or administrative bodies of the other Contracting State.

8. Where, at any time after a request has been made by the competent authority of a Contracting State under paragraph 3 or 4 and before the other Contracting State has collected and remitted the relevant revenue claim to the first-mentioned Contracting State, the relevant revenue claim ceases to be

- (a) in the case of a request under paragraph 3, a revenue claim of the first-mentioned Contracting State that is enforceable under the laws of that Contracting State and is owed by a person who, at that time, cannot, under the laws of that Contracting State, prevent its collection, or
- (b) in the case of a request under paragraph 4, a revenue claim of the first-mentioned Contracting State in respect of which that Contracting State may, under its laws, take measures of conservancy with a view to ensure its collection

the competent authority of the first-mentioned Contracting State shall promptly notify the competent authority of the other Contracting State of that fact and, at the option of the competent authority of the other Contracting State, the competent authority of the first-mentioned Contracting State shall either suspend or withdraw its request.

9. In no case shall the provisions 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 and administrative practice of that or of the other Contracting State;

- (b) to carry out measures which would be contrary to public policy;
- (c) to provide assistance if the other Contracting State has not pursued all reasonable measures of collection or conservancy, as the case may be, available under its laws or administrative practice;
- (d) to provide assistance in those cases where the administrative burden for that Contracting State is clearly disproportionate to the benefit to be derived by the other Contracting State.

#### Article 28

#### MEMBERS OF DIPLOMATIC MISSIONS AND CONSULAR POSTS

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

#### Article 29

#### HEADINGS

The headings of the Articles of this Convention are inserted for convenience of reference only and shall not affect the interpretation of the Convention.

#### Article 30

#### ENTRY INTO FORCE

1. Each of the Contracting States shall send in writing and through diplomatic channels to the other Contracting State the notification confirming that its internal procedures necessary for the entry into force of this Convention have been completed. The Convention shall enter into force on the thirtieth day after the date of receipt of the latter notification.

2. This Convention shall be applicable:

- (a) in the case of Japan:
  - (i) with respect to taxes levied on the basis of a taxable period, for taxes for any taxable period beginning on or after January 1 in the calendar year next following that in which the Convention enters into force; and

- (ii) with respect to taxes levied not on the basis of a taxable period, for taxes levied on or after January 1 in the calendar year next following that in which the Convention enters into force; and
- (b) in the case of Belgium:
  - (i) with respect to taxes due at source, on income credited or payable on or after January 1 in the calendar year next following that in which the Convention entered into force;
  - (ii) with respect to other taxes on income, on income of taxable periods beginning on or after January 1 in the calendar year next following that in which the Convention entered into force; and
  - (iii) with respect to other taxes, on taxes due in respect of taxable events taking place on or after January 1 in the calendar year next following that in which the Convention entered into force.

3. The Convention between Japan and the Kingdom of Belgium for the Avoidance of Double Taxation with respect to Taxes on Income signed at Tokyo on March 28, 1968, as amended by the Protocol signed at Brussels on November 9, 1988 and the Protocol signed at Brussels on January 26, 2010 (hereinafter referred to as "the prior Convention"), shall cease to be applicable from the date upon which this Convention applies in respect of the taxes to which this Convention applies in accordance with the provisions of paragraph 2.

4. The prior Convention shall terminate on the last date on which it applies in accordance with this Article.

5. Notwithstanding the entry into force of this Convention, an individual who is entitled to the benefits of Article 20 of the prior Convention at the time of the entry into force of this Convention shall continue to be entitled to such benefits until such time as the individual would have ceased to be entitled to such benefits if the prior Convention had remained in force.

Article 31  
TERMINATION

This Convention shall remain in force until terminated by a Contracting State. Either Contracting State may terminate the Convention, through diplomatic channels, by giving notice of termination to the other Contracting State at least six months before the end of any calendar year beginning after expiry of five years from the date of entry into force of the Convention. In such event, the Convention shall cease to have effect:

- (a) in the case of Japan:
  - (i) with respect to taxes levied on the basis of a taxable period, for taxes for any taxable period beginning on or after January 1 in the calendar year next following that in which the notice is given; and
  - (ii) with respect to taxes levied not on the basis of a taxable period, for taxes levied on or after January 1 in the calendar year next following that in which the notice is given; and
- (b) in the case of Belgium:
  - (i) with respect to taxes due at source, on income credited or payable on or after January 1 in the calendar year next following that in which the notice of termination is given;
  - (ii) with respect to other taxes on income, on income of taxable periods beginning on or after January 1 in the calendar year next following that in which the notice of termination is given; and
  - (iii) with respect to other taxes, on taxes due in respect of taxable events taking place on or after January 1 in the calendar year next following that in which the notice of termination is given.

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

DONE in duplicate at Tokyo this twelfth day of October, 2016 in the English language.

For Japan:

Nobuo Kishi

For the Kingdom of Belgium:

Belgian Federal Government

Gunther Sleeuwagen

The Government of the  
Flemish Community

Geert Bourgeois

The Government of the  
French Community

Rudy Demotte

The Government of the  
German-speaking Community

Gunther Sleeuwagen

The Government of the  
Flemish Region

Geert Bourgeois

The Government of the  
Walloon Region

Paul Magnette

The Government of the  
Brussels-Capital Region

Rudi Vervoort

## PROTOCOL

At the moment of signing the Convention between Japan and the Kingdom of Belgium for the Elimination of Double Taxation with respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance (hereinafter referred to as "the Convention"), the undersigned have agreed upon the following provisions which shall form an integral part of the Convention.

1. It is understood that a general mutual agreement reached by the competent authorities of the Contracting States within the framework of paragraph 3 of Article 25 of the Convention shall be taken into account in the interpretation and application of the Convention.

2. With reference to paragraph 1 of Article 4 of the Convention:

It is understood that a person is "liable to tax" in a Contracting State even where the tax laws of that Contracting State provide that all or part of its income is exempted from tax or that such person is only subjected to tax with respect to some types of income.

3. With reference to paragraphs 1 and 2 of Article 14 of the Convention:

It is understood that an employment is exercised in the place where the employee is physically present when performing the activities for which the salaries, wages and other similar remuneration are paid, irrespective of the place in which the contract of employment was concluded, the residency of the employer or of the person paying the remuneration, the place of payment of the remuneration, or the place where the results of the employee's work are exploited.

4. With reference to subparagraph (a) of paragraph 2 of Article 23 of the Convention:

For the application of that subparagraph;

- (a) an item of income is effectively taxed in Japan where such item of income is subjected to tax in Japan and does not benefit from an exemption from tax therein.

- (b) an item of income is taxed in Japan where such item of income is subjected in Japan to the tax regime that is normally applicable to such item of income according to the tax laws of Japan.

5. With reference to subparagraph (e) of paragraph 2 of Article 23 of the Convention:

For the application of the credit allowed under that subparagraph, the dividends included in the aggregate income for Belgian tax purposes shall include the Japanese tax charged on such dividends in accordance with paragraph 2 of Article 10 of the Convention.

6. With reference to paragraph 3 of Article 25 of the Convention:

It is understood that the second sentence of that paragraph does not allow the Contracting States to eliminate double taxation where the provision of such relief would contravene the provisions of their respective domestic laws or other applicable tax treaties.

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

DONE in duplicate at Tokyo this twelfth day of  
October, 2016 in the English language.

For Japan:

Nobuo Kishi

For the Kingdom of Belgium:

Belgian Federal Government

Gunther Sleenwagen

The Government of the  
Flemish Community

Geert Bourgeois

The Government of the  
French Community

Rudy Demotte

The Government of the  
German-speaking Community

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The Government of the  
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