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Japan Concluded with Qatar Reciprocal Tax Exemption on Income from International Transportation

The Government of Japan and the Government of the State of Qatar, by an Exchange of Notes at Doha, Qatar's capital, on May 21, 2009, entered into an agreement providing for the reciprocal exemption from tax of income from international transportation between the two countries.

Under the agreement, an enterprise carried on by a resident of a contracting country shall be exempt from the following taxes on its income in the other contracting country in respect of income and profits from the operation of ships or aircraft in international traffic.

For residents of Japan:

- Income tax
- Corporation tax; and
- All other taxes chargeable on income in Qatar

For residents of Qatar:

- Income tax ("shotoku zei")
- Corporation tax ("houjin zei")
- Local inhabitants tax ("juhmin zei"); and
- Enterprise tax ("jighou zei")

For this purpose, a resident of a contracting country means:

- Any individual who is a tax resident of such contracting country and not a tax resident of the other contracting state; and
- Any corporation that has its head or main office in such contracting country

The reciprocal exemption from taxes will apply in respect of the taxable years beginning on or after July 1, 2009. The agreement may be terminated by six months' written notice from either country.

Currently, Japan has concluded agreements with the United States, the Netherlands, Argentina, Lebanon, Iran, Taiwan and the United Arab Emirates that exempt income from international transportation from taxation on a

reciprocal basis. The scope of the exemption offered by Japan under the agreements varies as follows:

Foreign State	Exempted Income	Exempted Taxes	Tax treaty with Japan
The United States	Income from the operation of <u>ships</u> or <u>aircraft</u> in international traffic carried on by a resident of the United States	<ul style="list-style-type: none"> ➤ Income tax ➤ Corporation tax ➤ Enterprise tax 	Yes
The Netherlands	Income from the operation of <u>ships</u> registered in the Netherlands in international traffic	<ul style="list-style-type: none"> ➤ Income tax ➤ Corporation tax ➤ Local inhabitants tax ➤ Enterprise tax 	Yes
Argentina	Income from the operation of <u>ships</u> or <u>aircraft</u> in international traffic carried on by a business enterprise of Argentina	<ul style="list-style-type: none"> ➤ Income tax ➤ Corporation tax 	No
Lebanon	Income from the operation of <u>ships</u> or <u>aircraft</u> in international traffic carried on by a resident of Lebanon	<ul style="list-style-type: none"> ➤ Income tax ➤ Corporation tax ➤ Local inhabitants tax ➤ Enterprise tax 	No
Iran	Income from the operation of <u>aircraft</u> in international traffic carried on by an Iranian corporation	<ul style="list-style-type: none"> ➤ Income tax ➤ Corporation tax 	No
Taiwan	Income from the operation of <u>ships</u> or <u>aircraft</u> in international traffic carried on by a business enterprise of Taiwan	<ul style="list-style-type: none"> ➤ Income tax ➤ Corporation tax ➤ Local inhabitant tax ➤ Enterprise tax 	No
The United Arab Emirates	Income from the operation of <u>ships</u> or <u>aircraft</u> in international traffic carried on by a resident of the United Arab Emirates	<ul style="list-style-type: none"> ➤ Income tax ➤ Corporation tax ➤ Local inhabitant tax ➤ Enterprise tax 	No

The full text of the memorandum can be found at:

(Japanese)

<http://www.mof.go.jp/jouhou/syuzei/sy210521a.pdf>

(English)

<http://www.mof.go.jp/jouhou/syuzei/sy210521b.pdf>

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