(aa) has an agreement in force containing provisions for the exchange of information on tax matters with the Contracting State from which the income is derived; and

(bb) treats the entity or arrangement as wholly fiscally transparent under the tax law of that third jurisdiction.

In no case shall the provisions of this paragraph be construed so as to affect a Contracting State's right to tax the residents of that Contracting State.

Article 2
TAXES COVERED

1. This Convention shall apply to taxes on income imposed on behalf of a Contracting State, irrespective of the manner in which they are levied.

2. There shall be regarded as taxes on income all taxes imposed on total income or on elements of income, including taxes on gains from the alienation of any property, taxes on the total amounts of wages or salaries paid by enterprises, as well as taxes on capital appreciation.

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

(a) in Japan:

(i) the income tax;

(ii) the corporation tax;

(iii) the special income tax for reconstruction; and

(iv) the local corporation tax

(hereinafter referred to as "Japanese tax");

(b) in Spain:

(i) the income tax on individuals;

(ii) the corporation tax; and

(iii) the income tax on non residents

(hereinafter referred to as "Spanish tax").

4. 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 "Spain" means the Kingdom of Spain and, when used in a geographical sense, means the territory of the Kingdom of Spain, including internal waters, the air space, the territorial sea and any area outside the territorial sea upon which, in accordance with international law and on application of its domestic legislation, the Kingdom of Spain exercises or may exercise in the future jurisdiction or sovereign rights with respect to the seabed, its subsoil and superjacent waters, and their natural resources;

(c) the terms "a Contracting State" and "the other Contracting State" mean Japan or Spain, 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;