Article 9
COSTS

Incidence of costs incurred in providing assistance shall be agreed by the competent authorities of the Contracting Parties.

Chapter 3
ALLOCATION OF RIGHTS OF TAXATION

Article 10
PERSONS COVERED

This Chapter shall apply to individuals who are residents of one or both of the Contracting Parties.

Article 11
TAXES COVERED

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

2. In the case of Japan, the existing tax to which this Chapter shall apply is the income tax.

3. This Chapter shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of this Agreement in addition to, or in place of, the existing tax referred to in paragraph 2.

4. The competent authorities of the Contracting Parties shall notify each other of any significant changes that have been made in their respective tax laws.

Article 12
RESIDENT

1. For the purposes of this Chapter, the term "resident of a Contracting Party" means:

(a) in the case of Japan, any individual who, under the laws of Japan, is liable to tax therein by reason of his domicile, residence or any other criterion of a similar nature except any individual who is liable to tax in Japan in respect only of income from sources in Japan; and

(b) in the case of the Cayman Islands, any individual who, under the laws of the Cayman Islands, has a legal and ordinary residence in the Cayman Islands.

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

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

(b) if the Contracting Party 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 Party, he shall be deemed to be a resident only of the Contracting Party in which he has an habitual abode;

(c) if he has an habitual abode in both Contracting Parties or in neither of them, the competent authorities of the Contracting Parties shall settle the question by mutual agreement.

Article 13
PENSIONS

Subject to paragraph 2 of Article 14, pensions and other similar remuneration beneficially owned by a resident of a Contracting Party shall be taxable only in that Contracting Party.

Article 14
GOVERNMENT SERVICE

1. Salaries, wages and other similar remuneration paid by a Contracting Party or a political subdivision or local authority thereof to an individual in respect of services rendered to that Contracting Party or political subdivision or local authority, in the discharge of functions of a governmental nature, shall be taxable only in that Contracting Party. However, such salaries, wages and other similar remuneration shall be taxable only in the other Contracting Party if the services are rendered in that other Contracting Party and the individual is a resident of that other Contracting Party who did not become a resident of that other Contracting Party solely for the purpose of rendering the services.