PROTOCOL TO THE CONVENTION
BETWEEN JAPAN AND THE PORTUGUESE REPUBLIC
FOR THE AVOIDANCE OF DOUBLE TAXATION
AND THE PREVENTION OF FISCAL EVASION
WITH RESPECT TO TAXES ON INCOME

At the signing of the Convention between Japan and the Portuguese Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (hereinafter referred to as "the Convention"), Japan and the Portuguese Republic have agreed upon the following provisions, which shall form an integral part of the Convention:

1. The competent authorities of the Contracting States shall notify each other its internal procedures concerning the mode of application of the Convention.

2. For the purposes of applying the Convention:

a) an item of income:

(i) derived from a Contracting State through an entity that is organised in the other Contracting State; and

(ii) treated as the income of the beneficiaries, members or participants of that entity under the tax laws of that other Contracting State;

shall be eligible for the benefits of the Convention that would be granted if it were directly derived by a beneficiary, member or participant of that entity who is a resident of that other Contracting State, to the extent that such beneficiaries, members or participants are residents of that other Contracting State and satisfy any other conditions specified in the Convention, without regard to whether the income is treated as the income of such beneficiaries, members or participants under the tax laws of the first-mentioned Contracting State.

b) an item of income:

(i) derived from a Contracting State through an entity that is organised in the other Contracting State; and

(ii) treated as the income of that entity under the tax laws of that other Contracting State;

shall be eligible for the benefits of the Convention that would be granted to a resident of that other Contracting State, without regard to whether the income is treated as the income of that entity under the tax laws of the first-mentioned Contracting State, if such entity is a resident of that other Contracting State and satisfies any other conditions specified in the Convention.

c) an item of income:

(i) derived from a Contracting State through an entity that is organised in that Contracting State; and

(ii) treated as the income of that entity under the tax laws of the other Contracting State;

shall not be eligible for the benefits of the Convention.

3. With reference to Article 6 of the Convention:

Income from immovable property includes income from any property other than immovable property connected with the use or the right to use the immovable property, or income derived from services for the maintenance or operation of the immovable property, either of which is subject to the same taxation treatment as income from immovable property by the tax laws of the Contracting State in which the immovable property is situated.

4. With reference to paragraph 2 of Article 8 of the Convention, if Portugal introduces any tax similar to the enterprise tax of Japan, Portugal shall send Japan through diplomatic channels without delay the notification confirming the entry into force of its domestic laws concerning that tax. In this case, the Contracting States shall agree on how that paragraph has effect and ceases to have effect.