(b) a dividend which is paid by a company which is a resident of Japan to a company which is a resident of the United Kingdom shall be exempted from United Kingdom tax, when the conditions for exemption under the law of the United Kingdom are met;

(c) the profits of a permanent establishment in Japan of a company which is a resident of the United Kingdom shall be exempted from United Kingdom tax when the exemption is applicable under the law of the United Kingdom and the conditions for exemption under the law of the United Kingdom are met;

(d) in the case of a dividend not exempted from tax under subparagraph (b) of this paragraph which is paid by a company which is a resident of Japan to a company which is a resident of the United Kingdom and which controls directly or indirectly at least 10 per cent of the voting power in the company paying the dividend, the credit mentioned in subparagraph (a) of this paragraph shall also take into account the Japanese tax payable by the company in respect of its profits out of which such dividend is paid.

2. 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 the United Kingdom which may be taxed in the United Kingdom in accordance with the provisions of this Convention, the amount of the United Kingdom 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."

ARTICLE 9

Paragraph 3 of Article 24 of the Convention shall be amended by deleting the words "paragraphs 8 or 9 of Article 10, paragraphs 8, 9 or 10 of Article 11" and replacing them with the words "paragraphs 9 or 10 of Article 10, paragraphs 5, 6 or 7 of Article 11".

ARTICLE 10

1. A new sentence shall be added to paragraph 3 of Article 25 of the Convention as follows:

"They may also consult together for the elimination of double taxation in cases not provided for in the Convention."

2. Two new paragraphs shall be added to Article 25 of the Convention as follows:

"5. Where,

(a) under paragraph 1 of this Article, 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 of this Article 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 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. The provisions of paragraph 5 of this Article shall not apply to cases falling within paragraph 3 of Article 4 of this Convention."