Protocol

At the signing of the Convention between Japan and the United Arab Emirates 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 United Arab Emirates have agreed upon the following provisions, which shall form an integral part of the Convention.

1. With reference to subparagraph (b) of paragraph 1 of Article 2 of the Convention, it is understood that:

(a) the term "the income tax" includes any tax on income, profits or gains of individuals under the domestic law established by the United Arab Emirates or by any political subdivision or local authority thereof; and

(b) the term "the corporation tax" includes any tax on income, profits or gains of companies under the domestic law established by the United Arab Emirates or by any political subdivision or local authority thereof.

2. With respect to paragraph 1 of Article 4 of the Convention, it is understood that the term "resident of a Contracting State" includes a pension fund established under the laws of that Contracting State, and an organisation established under the laws of that Contracting State and operated exclusively for a religious, charitable, educational, scientific, artistic, cultural or public purpose (or for more than one of those purposes), only if all or part of its income or gains may be exempt from tax under the domestic law of that Contracting State. It is further understood that, in the case of the United Arab Emirates, the term "resident of a Contracting State" includes, but is not limited to:

(a) Central Bank of the United Arab Emirates;

(b) Abu Dhabi Investment Authority;

(c) International Petroleum Investment Company;

(d) Abu Dhabi Investment Council;

(e) Investment Corporation of Dubai; and

(f) Mubadala Development Company.

3. With reference to Articles 8 and 11 of the Convention, it is understood that interest on funds temporarily deposited in connection with the operation of ships or aircraft in international traffic shall be regarded as income from the operation of such ships or aircraft and that the provisions of Article 11 of the Convention shall not apply in relation to such interest.

4. With reference to paragraph 2 of Article 10 of the Convention, the provisions of subparagraph (a) of that paragraph shall not apply in the case of dividends paid by a company which is entitled to a deduction for dividends paid to its beneficiaries in computing its taxable income in Japan.

5. With reference to paragraph 2 of Article 13 of the Convention, it is understood that the term "recognised stock exchange" means:

(a) any stock exchange established by a Financial Instruments Exchange or an approved-type financial instruments firms association under the terms of the Financial Instruments and Exchange Law (Law No. 25 of 1948) of Japan;

(b) Dubai Financial Market;

(c) Abu Dhabi Securities Exchange; and

(d) any other stock exchange which the competent authorities of the Contracting States agree to recognise for the purposes of that Article.

6. With reference to Article 13 of the Convention, it is understood that gains from the alienation of shares in a company or of interests in a partnership or trust, other than shares which are referred to in paragraphs 2 and 3 of that Article or shares or interests which are properties forming part of a permanent establishment described in paragraph 4 of that Article, shall be taxable only in the Contracting State of which the alienator is a resident.