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

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

1. With reference to the Convention,

(a) In relation to the investment accounts or funds which are established under the laws of Chile and are not residents of Chile within the meaning of paragraph 1 of Article 4 of the Convention, the provisions of the Convention shall not be interpreted to restrict the imposition of tax under the laws of Chile on the remittances made by such investment accounts or funds as well as on the income derived from the redemption or alienation of the quotas held by the participants in such investment accounts or funds.

(b) Nothing in the Convention shall affect the application of the existing provisions of the Chilean legislation Decree Law No. 600 (Foreign Investment Statute) as they are in force at the time of signature of the Convention and as they may be amended from time to time without changing the general principle thereof.

(c) Nothing in the Convention shall affect the taxation in Chile of a resident of Japan in respect of profits attributable to a permanent establishment situated in Chile in accordance with the provisions of Article 7 of the Convention under both the First Category Tax and the Additional Tax provided that the First Category Tax is fully creditable in computing the amount of the Additional Tax.

(d) Any question arising as to the interpretation or application of the Convention and, in particular, whether a measure is within the scope of the Convention, shall be determined exclusively in accordance with the provisions of Article 25 of the Convention, and the provisions of Article XVII of the General Agreement on Trade in Services shall not apply to a measure unless the competent authorities of the Contracting States agree that the measure is not within the scope of Article 24 of the Convention. For the purposes of this subparagraph, the term "measure" means a law, regulation, rule, procedure, decision, administrative action, or any other similar provision or action, as related to taxes covered by the Convention.

2. With reference to paragraph 2 of Article 2 of the Convention,

If a Contracting State introduces new taxes on capital after the date of signature of the Convention, the competent authority of that Contracting State shall notify the competent authority of the other Contracting State of such new taxes in accordance with the provisions of the second sentence of paragraph 2 of Article 2 of the Convention.

3. With reference to paragraph 1 of Article 4 of the Convention,

The term "resident of a Contracting State" includes:

(a) a legal person that is established and maintained in that Contracting State exclusively for religious, charitable, educational, cultural or scientific purposes;

(b) a pension fund as defined in subparagraph (j) of paragraph 1 of Article 3 of the Convention which is established under the law of that Contracting State; and

(c) any institution which is established for promoting exports, investment or development and the capital of which is wholly owned by that Contracting State,

notwithstanding that all or part of its income may be exempt from tax under the laws of that Contracting State.