KPMG Tax Corporation
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## TAX UPDATES

### NEW JAPAN-GERMANY TAX AGREEMENT—AGREEMENT IN PRINCIPLE

On 16 July 2015, the Japanese Ministry of Finance (MOF) made an announcement that the Government of Japan and the Government of the Federal Republic of Germany have reached an agreement in principle on the new tax agreement between the two countries. (Press release of the MOF)

The key points announced are as follows:

- Taxes withheld at source on investment income (dividends, interest and royalties) will be reduced.
- The article concerning taxation of business profits will be updated.
- An arbitration system for the mutual agreement procedure and an article concerning assistance in the collection of taxes will be introduced.

The new Agreement will be signed after the necessary domestic procedures have been completed by the two governments. The details of the amendments should be clarified upon the release of the full text of the new Agreement after signature by the two governments. Thereafter, the new Agreement will enter into force after completion of the approval process on both sides (in the case of Japan, approval by the Diet), replacing the existing tax agreement signed in 1966 (partly amended in 1979 and 1983).

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