



TaxNewsFlash

United States



No. 2019-430
August 30, 2019

Tax treaty update: Protocol to income tax treaty between United States and Japan, entry into force

The instruments of ratification for the Protocol amending the income tax treaty between Japan and the United States have been exchanged between the two governments.

The date of the Protocol's entry into force is 30 August 2019. Read text of the [Protocol and related documents](#). Read today's [release](#) from the U.S. Treasury Department reporting the entry into force of the Protocol to the Japan-United States income tax treaty.

The Protocol amends the existing income tax treaty and provides for:

- Exemption from withholding taxes on interest (subject to certain exceptions)
- Expansion of the scope of dividends eligible for exemption from withholding tax (allowing 50%-owned companies to qualify, and reducing the required holding period from 12 months to six (6) months)
- Amendments to the capital gains article for consistency with the Foreign Investment in Real Property Tax Act (FIRPTA)
- Mandatory binding arbitration of unresolved competent authority cases
- Provisions to enable the competent authorities to assist each other in the collection of taxes
- Broad exchange of information between the competent authorities for tax purposes

Read an [August 2019 report](#) prepared by the KPMG member firm in Japan

The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is

issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to be applied to any specific reader's particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at + 1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)