

(Japanese Note)

Hong Kong, December 10, 2014

Sir,

I have the honour to refer to the Agreement between the Government of Japan and the Government of the Hong Kong Special Administrative Region of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income signed at Hong Kong on 9 November 2010 (hereinafter referred to as "the Agreement") as well as the Protocol which forms an integral part of the Agreement signed at Hong Kong on 9 November 2010 (hereinafter referred to as "the Protocol") and to confirm, on behalf of the Government of Japan, the following understanding reached between the two Governments:

With reference to paragraph 1 of Article 25 of the Agreement and paragraph 7 of the Protocol, it is understood that information concerning the following taxes shall be exchanged in accordance with the provisions of Article 25 of the Agreement:

- (a) the taxes covered by Article 2 of the Agreement;
and
- (b) the following taxes of Japan:
 - (i) the inheritance tax;
 - (ii) the gift tax;
 - (iii) the consumption tax; and
 - (iv) any identical or substantially similar taxes that are imposed after the date of signature of this Note in addition to, or in place of, the existing taxes referred to in (i), (ii) and (iii).

Professor K C Chan
Secretary for Financial Services
and the Treasury
The Government of the Hong Kong
Special Administrative Region
of the People's Republic of China

I have further the honour to propose that the present Note and your Note in reply confirming, on behalf of the Government of the Hong Kong Special Administrative Region of the People's Republic of China, the foregoing understanding shall constitute an agreement between the two Governments under paragraph 7 of the Protocol.

I have further the honour to propose that each of the two Governments shall send to the other a notification confirming that its internal procedures necessary for the entry into force of this agreement have been completed, and that the agreement shall enter into force on the date of receipt of the later notification and have effect:

- (a) in the case of the Hong Kong Special Administrative Region:

with respect to Hong Kong Special Administrative Region tax, for any year of assessment beginning on or after the date on which this agreement enters into force; and
- (b) in the case of Japan:
 - (i) with respect to taxes withheld at source, for amounts taxable on or after the date on which this agreement enters into force;
 - (ii) with respect to taxes on income which are not withheld at source, as regards income for any taxable year beginning on or after the date on which this agreement enters into force; and
 - (iii) with respect to other taxes, as regards taxes for any taxable year beginning on or after the date on which this agreement enters into force.

I avail myself of this opportunity to extend to you the assurance of my high consideration.

Hitoshi Noda
Consul-General of Japan
in Hong Kong

(HKSAR's Note)

Hong Kong, December 10, 2014

Sir,

I have the honour to acknowledge the receipt of your Note of today's date which reads as follows:

“(Japanese Note)”

The foregoing understanding being acceptable to the Government of the Hong Kong Special Administrative Region of the People's Republic of China, I have further the honour to confirm that your Note and this Note in reply shall constitute an agreement between the two Governments.

I have further the honour to confirm that this agreement shall enter into force and have effect as you proposed.

I avail myself of this opportunity to extend to you the assurance of my high consideration.

K C Chan
Secretary for Financial Services
and the Treasury
The Government of the Hong Kong
Special Administrative Region
of the People's Republic of China

Mr. Hitoshi Noda
Consul-General of Japan
in Hong Kong