

Japan - Zambia

Income

Convention Signatories: Japan, Zambia

Citations: 92 TNI 89-32; Doc 92-30279

Signed: February 19, 1970

In Force: January 23, 1971

Effective: January 1, 1971. See Article 27.

Status: In Force

Tax Analysts classification: Income

Convention between Japan and the Republic of Zambia for the Avoidance of Double Taxation with respect to Taxes on Income.

Signed at Lusaka, on 19 February 1970

Japan and the Republic of Zambia,

Desiring to conclude a Convention for the avoidance of double taxation with respect to taxes on income,

Have agreed as follows:

Article 1

1. The taxes which are the subject of this Convention are:

In Japan:

- (a) The income tax;
- (b) The corporation tax; and
- (c) The local inhabitant taxes

(hereinafter referred to as "Japanese tax").

In Zambia:

- (a) The income tax; and
- (b) The personal levy

(hereinafter referred to as "Zambian tax").

2. This Convention shall also apply to taxes substantially similar to those covered by paragraph 1 which are introduced in either Contracting State after the date of signature of this Convention. The competent authorities of the Contracting States shall notify to each other any changes which have been made in their respective taxation laws within a reasonable period of time after such changes.

Article 2

1. In this Convention, unless the context otherwise requires:

- (a) The term "Japan", when used in a geographical sense, means all the territory in which the laws relating to Japanese tax are in force;

- (b) The term “Zambia” means the Republic of Zambia;
- (c) The terms “a Contracting State” and “the other Contracting State” mean Japan or Zambia, as the context requires;
- (d) The term “tax” means Japanese tax or Zambian tax, as the context requires;
- (e) The term “person” includes a company and any other body of persons;
- (f) The term “company” means any body corporate or any entity which is treated as a body corporate for tax purposes;
- (g) The terms “enterprise of a Contracting State” and “enterprise of the other Contracting State” mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;
- (h) The term “competent authority” means, in the case of Japan, the Minister of Finance or his authorized representative, and, in the case of Zambia, the Commissioner of Taxes or his authorized representative.

2. As regards the application of this Convention in a Contracting State, any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State relating to the taxes to which this Convention applies.

Article 3

- 1. For the purposes of this Convention, the term “resident of a Contracting State” means any person who, under the law of that Contracting State, is liable to taxation therein by reason of his domicile, residence, place of head or main office, place of management or any other criterion of a similar nature.
- 2. Where by reason of the provisions of paragraph (1) an individual is a resident of both Contracting States, then the competent authorities shall determine by mutual agreement the Contracting State of which that individual shall be deemed to be a resident for the purposes of this Convention.
- 3. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident of the Contracting State in which its head or main office is situated.

Article 4

- 1. For the purposes of this Convention, the term “permanent establishment” means a fixed place of business in which the business of the enterprise is wholly or partly carried on.
- 2. The term “permanent establishment” includes especially:
 - (a) A place of management;
 - (b) A branch;
 - (c) An office;
 - (d) A factory;
 - (e) A workshop;
 - (f) A mine, quarry or other place of extraction of natural resources;
 - (g) A building site or construction or assembly project which exists for more than twelve months.
- 3. The term “permanent establishment” shall not be deemed to include:

- (a) The use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;
- (b) The maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
- (c) The maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
- (d) The maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for collecting information, for the enterprise;
- (e) The maintenance of a fixed place of business solely for the purpose of advertising, for the supply of information, for scientific research or for similar activities which have a preparatory or auxiliary character, for the enterprise.

4. A person acting in a Contracting State on behalf of an enterprise of the other Contracting State--other than an agent of an independent status to whom paragraph 5 applies--shall be deemed to be a permanent establishment in the first-mentioned Contracting State if he has, and habitually exercises in that Contracting State, an authority to conclude contracts in the name of the enterprise, unless his activities are limited to the purchase of goods or merchandise for the enterprise.

5. An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other Contracting State through a broker, general commission agent or any other agent of an independent status, where such persons are acting in the ordinary course of their business.

6. The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other Contracting State (whether through a permanent establishment or otherwise), shall not of itself constitute for either company a permanent establishment of the other.

Article 5

1. Income from immovable property may be taxed in the Contracting State in which such property is situated.

2. The term "immovable property" shall be defined in accordance with the law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting immovable property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships and aircraft shall not be regarded as immovable property.

3. The provisions of paragraph (1) shall apply to income derived from the direct use, letting, or use in any other form of immovable property.

Article 6

1. The profits of an enterprise of a Contracting State shall be taxable only in that Contracting State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other Contracting State but only so much of them as is attributable to that permanent establishment.

2. Where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate

enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

3. In the determination of the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment including executive and general administrative expenses so incurred, whether in the Contracting State in which the permanent establishment is situated or elsewhere.

4. In so far as it has been customary in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary; the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles laid down in this Article.

5. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

6. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.

7. Where profits include items of income which are dealt with separately in other Articles of this Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

Article 7

Profits from the operation of ships or aircraft in international traffic carried on by an enterprise of a Contracting State shall be taxable only in that Contracting State.

Article 8 Where

(a) An enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State, or

(b) The same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State,

and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

Article 9

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State shall be taxable only in that other Contracting State.

2. The provisions of paragraph 1 shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

3. The term "dividends" as used in this Article means income from shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights assimilated to income from shares by the taxation law of the Contracting State of which the company making the distribution is a resident.

4. The provisions of paragraph 1 shall not apply if the recipient of the dividends, being a resident of a Contracting State, has in the other Contracting State, of which the company paying the dividends is a

resident, a permanent establishment with which the holding by virtue of which the dividends are paid is effectively connected. In such a case, the provisions of Article 6 shall apply.

5. Where a company which is a resident of a Contracting State derived profits or income from the other Contracting State, that other Contracting State may not impose any tax on the dividends paid by the company to persons who are not residents of that other Contracting State, or subject the company's undistributed profits to a tax on undistributed profits, even if the dividends paid or the undistributed profit consist wholly or partly of profits or income arising in that other Contracting State.

Article 10

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other Contracting State.

2. However, such interest may be taxed in the Contracting State in which it arises, and according to the laws of that Contracting State, but the tax so charged shall not exceed 10 per cent of the gross amount of the interest.

3. Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State and paid to the Government of the other Contracting State or local authority thereof or any agency or instrumentality (including financial institution) wholly owned by that Government or local authority shall be exempt from tax of the first-mentioned Contracting State.

4. The term "interest" as used in this Article means income from Government securities, bonds or debentures, whether or not secured by mortgage and whether or not carrying a right to participate in profits, and debt-claims of every kind, and any excess of the amount repaid in respect of such debt-claims over the amount lent, as well as all other income assimilated to income from money lent by the taxation law of the Contracting State in which the income arises.

5. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the interest, being a resident of a Contracting State, has in the other Contracting State in which the interest arises a permanent establishment with which the debt-claim from which the interest arises is effectively connected. In such a case, the provisions of Article 6 shall apply.

6. Interest shall be deemed to arise in a Contracting State when the payer is that Contracting State itself, a local authority or a resident of that Contracting State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment, then such interest shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

7. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the interest paid, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Convention.

Article 11

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other Contracting State.

2. However, such royalties may be taxed in the Contracting State in which they arise, and according to the laws of that Contracting State, but the tax so charged shall not exceed 10 per cent of the gross amount of the royalties.

3. The term "royalties" as used in this Article means payments of any kind received as a consideration for

the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial, or scientific equipment, or for information concerning industrial, commercial or scientific experience.

4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the royalties, being a resident of a Contracting State, has in the other Contracting State in which the royalties arise a permanent establishment with which the right or property giving rise to the royalties is effectively connected. In such a case, the provisions of Article 6 shall apply.

5. Royalties shall be deemed to arise in a Contracting State when the payer is that Contracting State itself, a local authority or a resident of that Contracting State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

6. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the royalties paid, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Convention.

Article 12

1. Gains from the alienation of immovable property, as defined in paragraph 2 of Article 5, may be taxed in the Contracting State in which such property is situated.

2. Gains from the alienation of property other than immovable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of property other than immovable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing professional services, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise) or of such a fixed base, may be taxed in that other Contracting State. However, gains derived by a resident of a Contracting State from the alienation of ships or aircraft operated in international traffic and property other than immovable property pertaining to the operation of such ships or aircraft shall be exempt from tax of the other Contracting State.

3. Gains derived by a resident of a Contracting State from the alienation of any property other than those mentioned in paragraphs 1 and 2 shall be taxable only in that Contracting State.

Article 13

1. Income derived by a resident of a Contracting State in respect of professional services or other independent activities of a similar character shall be exempt from tax of the other Contracting State unless he has a fixed base regularly available to him in that other Contracting State for the purpose of performing his activities. If he has such a fixed base, the income may be taxed in that other Contracting State but only so much of it as is attributable to that fixed base.

2. The term "professional services" includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

Article 14

1. Subject to the provisions of Articles 15, 17 and 18, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be exempt from tax of the

other Contracting State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other Contracting State.

2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be exempt from tax of that other Contracting State if:

(a) The recipient is present in that other Contracting State for a period or periods not exceeding in the aggregate 183 days in the calendar year concerned, and

(b) The remuneration is paid by, or on behalf of, an employer who is not a resident of that other Contracting State, and

(c) The remuneration is not borne by a permanent establishment or a fixed base which the employer has in that other Contracting State.

3. Notwithstanding the provisions of paragraphs 1 and 2, remuneration in respect of an employment exercised aboard a ship or aircraft operated in international traffic by an enterprise of a Contracting State may be taxed in that Contracting State.

Article 15

Remuneration derived by a resident of a Contracting State in his capacity as a member of the board of directors of a company which is a resident of the other Contracting State may be taxed in that other Contracting State in accordance with the law of that other Contracting State.

Article 16

Notwithstanding the provisions of Articles 13 and 14, income derived by public entertainers, such as theatre, motion picture, radio or television artistes, and musicians, and by athletes, from their personal activities as such may be taxed in the Contracting State in which these activities are exercised.

Article 17

Subject to the provisions of paragraph 2 of Article 18, pensions and other similar remuneration derived from sources within a Contracting State in consideration of past employment by an individual who is a resident of the other Contracting State and subject to tax in respect thereof in that other Contracting State shall be taxable only in that other Contracting State.

Article 18

1. (a) Remuneration (other than pensions) paid by Japan or a local authority thereof to any individual in respect of services rendered to Japan or a local authority thereof in the discharge of governmental functions may be taxed in Japan. Such remuneration shall be exempt from Zambian tax if the individual is not resident in Zambia or is resident in Zambia solely for the purpose of rendering those services.

(b) Remuneration (other than pensions) paid by Zambia or a local authority thereof to any individual in respect of services rendered to Zambia or a local authority thereof in the discharge of governmental functions may be taxed in Zambia. Such remuneration shall be exempt from Japanese tax if the individual is not a national of Japan or is not admitted to Japan for permanent residence therein.

2. Pensions paid by, or out of funds to which contributions are made by, a Contracting State or a local authority thereof to any individual in respect of services rendered to that Contracting State or a local authority thereof in the discharge of governmental functions shall be taxable only in that Contracting State.

3. The provisions of this Article shall not apply to payments in respect of services rendered in connection with a trade or business carried on for the purpose of profits.

Article 19

A professor or teacher who makes a temporary visit to a Contracting State for a period not exceeding two years for the purpose of teaching or conducting research at a university, college, school or other educational institution and who is, or immediately before such visit was, a resident of the other Contracting State shall be exempt from tax of the first-mentioned Contracting State in respect of remuneration for such teaching or research.

Article 20

Payments or income received for the purpose of his maintenance, education or training by a student or business apprentice who is present in a Contracting State solely for the purpose of his education or training and who is, or immediately before being so present was, a resident of the other Contracting State shall be exempt from tax of the first-mentioned Contracting State, provided that such payments are made to him from outside that first-mentioned Contracting State or that such income is received in respect of his personal services performed in the first-mentioned Contracting State in an amount not in excess of U.S.\$1,000 or its equivalent in Japanese or Zambian currency for any taxable year for a period not exceeding three consecutive taxable years.

Article 21

Items of income of a resident of a Contracting State which are not expressly mentioned in the foregoing Articles of this Convention shall be taxable only in that Contracting State.

Article 22

1. (a) Where a resident of Zambia derives income from Japan which may be taxed in Japan in accordance with the provisions of this Convention, the amount of the Japanese tax payable in respect of that income shall be allowed as a credit against Zambian tax imposed on that resident. The amount of credit, however, shall not exceed that part of Zambian tax which is appropriate to that income.

(b) Where the income derived from Japan is a dividend paid by a company which is a resident of Japan, the credit shall take into account the Japanese tax payable in respect of its profits by the company paying the dividend.

2. (a) Where a resident of Japan derives income from Zambia which may be taxed in Zambia in accordance with the provisions of this Convention, the amount of Zambian tax payable in respect of that income shall be allowed as a credit against the Japanese tax imposed on that resident. The amount of credit, however, shall not exceed that part of the Japanese tax which is appropriate to that income.

(b) Where the income derived from Zambia is a dividend paid by a company which is a resident of Zambia to a company which is a resident of Japan which owns not less than 25 per cent of the shares or the capital of the company paying the dividend, the credit shall take into account the Zambian tax payable in respect of its profits by the company paying the dividend.

(c) For the purpose of the credit referred to in sub-paragraphs (a) and (b) above, there shall be deemed to have been paid by a tax-payer the amount which would have been paid if Zambian tax would not have been reduced or relieved in accordance with

(i) The provisions of paragraph 2 of Article 10 and paragraph 2 of Article 11; and

(ii) The special incentive measures designed to promote economic development in Zambia, provided that an agreement is made between the Governments of both Contracting States in respect of the scope of such special incentive measures.

(d) In the application of the provisions of sub-paragraph (c), there shall not, in any event, be deemed to have been paid an amount of tax higher than which, but for the reduction or relief of tax due to the special incentive measures mentioned in sub-paragraph (c) (ii), would result from the application of the Zambian

tax laws effective on the date of signature of this Convention.

Article 23

1. The nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals of that other Contracting State in the same circumstances are or may be subjected.

2. The term “nationals” means all individuals possessing the nationality of either Contracting State and all juridical persons created or organized under the laws of that other Contracting State and all organizations without juridical personality treated for the purposes of tax of that other Contracting State as juridical persons created or organized under the laws of that other Contracting State.

3. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably levied in that other Contracting State than the taxation levied on enterprises of that other Contracting State carrying on the same activities.

This provision shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

4. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of that first-mentioned Contracting State are or may be subjected.

5. In this Article the term “taxation” means taxes of every kind and description.

Article 24

1. The competent authorities of the Contracting States shall exchange such information as is necessary for the carrying out of this Convention. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons or authorities other than those concerned with the assessment or collection, including judicial determination, of the taxes to which this Convention applies.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on a Contracting State the obligation:

(a) To carry out administrative measures at variance with the laws or the administrative practice of that or of the other Contracting State;

(b) To supply particulars which are not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;

(c) To supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public policy.

Article 25

1. Where a resident of a Contracting State considers that the actions taken in the other Contracting State result or will result for him in taxation not in accordance with this Convention, he may, notwithstanding the remedies provided by the laws of those Contracting States, present his case to the competent authority of the Contracting State of which he is a resident.

2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not able to arrive at an appropriate solution, to resolve the case by mutual agreement with the competent authority

of the other Contracting State, with a view to the avoidance of taxation not in accordance with this Convention.

3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of this Convention. They may also consult together for the elimination of double taxation in cases not provided for in this Convention.

4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of giving effect to the provisions of this Convention.

Article 26

Nothing in this Convention shall affect the fiscal privileges of diplomatic or consular officials under the general rules or international law or under the provisions of special agreements.

Article 27

1. This Convention shall be approved by Japan and the Republic of Zambia in accordance with their respective legal procedures, and shall enter into force on the thirtieth day after the date of exchange of notes indicating such approval.

2. This Convention shall have effect as respects income derived during the taxable years beginning on or after the first day of January in the calendar year in which this Convention enters into force.

Article 28

This Convention shall continue in effect indefinitely but either of the Contracting States may, on or before the thirtieth day of June in any calendar year beginning after the expiration of a period of five years from the date of its entry into force, give to the other Contracting State, through the diplomatic channel, written notice of termination and, in such event, this Convention shall cease to be effective in respect of income derived during the taxable years beginning on or after the first day of January in the calendar year next following that in which the notice of termination is given.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective Governments, have signed this Convention.

DONE in duplicate at Lusaka on 19th February, 1970 in the Japanese and English languages, each text having equal authenticity.

For Japan

Yoshio KIMURA

For the Republic of Zambia

E. H. K. MUDENDA

Exchange Of Notes Signatories: Japan, Zambia

Citations: 92 TNI 89-32; Doc 92-30279

Signed: February 19, 1970

In Force: January 23, 1971

Effective: January 1, 1971. See Article 27.

Status: In Force

Tax Analysts classification: Income

(Zambian Note)

Lusaka, 19th February, 1970

Excellency,

I have the honour to refer to the Convention between the Republic of Zambia and Japan for the Avoidance of Double Taxation with respect to Taxes on Income which was signed today and to confirm, on behalf of the Government of the Republic of Zambia, the following understanding reached between the Government of the Republic of Zambia and the Government of Japan.

With reference to sub-paragraph (c)(ii) of paragraph 2 of Article 22:

1. The special incentive measures designed to promote economic development in Zambia are those set forth in Section 19 of the Pioneer Industries (Relief from Income Tax) Act 1965 and sub-paragraph (3) of paragraph 9 of the Second Schedule to the Income Tax Act 1966;

2. If new legislation is enacted in Zambia within the scope of the special incentive measures mentioned in the said Article or in substitution for the provisions of the above-mentioned Acts effective on the date of signature of the Convention, the Government of the Republic of Zambia will inform the Government of Japan on such legislation and the two Governments will consult for the purpose of a new exchange of notes with a view to including those modifications which arise from the above legislation.

I have further the honour to request Your Excellency to be good enough to confirm the foregoing understanding on behalf of the Government of Japan.

I avail myself of this opportunity to extend to Your Excellency the assurance of my highest consideration.

E. H. K. MUDENDA

Minister of Development and

Finance

His Excellency Mr. Yoshio Kimura,
Charge d'Affaires ad interim of Japan to the Republic of Zambia

(Japanese Note)

Lusaka, February 19, 1970

Excellency,

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

"I have the honour to refer to the Convention between the Republic of Zambia and Japan for the Avoidance of Double Taxation with respect to Taxes on Income which was signed today and to confirm, on behalf of the Government of the Republic of Zambia, the following understanding reached between the Government of the Republic of Zambia and the Government of Japan.

With reference to sub-paragraph (c)(ii) of paragraph 2 of Article 22:

1. The special incentive measures designed to promote economic development in Zambia are those set forth in Section 19 of the Pioneer Industries (Relief from Income Tax) Act 1965 and sub-paragraph (3) of paragraph 9 of the Second Schedule to the Income Tax Act 1966;

2. If new legislation is enacted in Zambia within the scope of the special incentive measures mentioned in the said Article or in substitution for the provisions of the above-mentioned Acts effective on the date of signature of the Convention, the Government of the Republic of Zambia will inform the Government of Japan on such legislation and the two Governments will consult for the purpose of a new exchange of notes with a view to including those modifications which arise from the above legislation.

I have further the honour to request Your Excellency to be good enough to confirm the foregoing understanding on behalf of the Government of Japan.”

I have further the honour to confirm the understanding embodied in Your Excellency's Note, on behalf of the Government of Japan.

I avail myself of this opportunity to extend to Your Excellency the assurance of my highest consideration.

Yoshio KIMURA

Charge d'Affaires ad interim
of Japan to the Republic
of Zambia

His Excellency Mr. E. H. K. Mudenda

Minister of Development and Finance, the Republic of Zambia