Beat: Business

SIGNING OF TAX CONVENTION BETWEEN JAPAN AND MOROCCO ON JANUARY 8

BY MIN MOHCINE JAZOULI & SUZUKI KEISUKE

Paris, Rabat, Washington DC, 12.01.2020, 19:45 Time

USPA NEWS - On January 8 (same day local time), “Convention between Japan and the Kingdom of Morocco 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) was signed in Rabat, Morocco by Mr. SUZUKI Keisuke, State Minister for Foreign Affairs of Japan and H.E. Mr. Mohcine JAZOULI, Minister Delegate to the Minister of Foreign Affairs of the Kingdom of Morocco.For the purpose of eliminating double taxation arising between the two countries, this Convention clarifies the scope of taxable income in the two countries

FOR THE PURPOSE OF EMLIMINATAING DOUBLE TAXATION BETWEEN JAPANA AND MOROCCO
For the purpose of eliminating double taxation arising between the two countries, this Convention clarifies the scope of taxable income in the two countries. In addition, this Convention will enable the tax authorities of the two countries to consult each other on taxation not in accordance with the provisions of this Convention, to exchange information concerning tax matters and to mutually lend assistance in the collection of tax claims. It is expected that, while eliminating double taxation and preventing international tax evasion and tax avoidance, this Convention promotes further mutual investments and economic exchanges between the two countries. At the Seventh Tokyo International Conference on African Development (TICAD7), which was held in August 2019, Prime Minister Abe announced Japan will put forth every possible efforts so that Japanese private investment in Africa, which was worth $20 billion over the past three years, will further (PDF). This Convention is expected to materialize this announcement, achieve closer economic relations between two countries and increase Japan´s investment in Africa.
THE FOLLOWING ARE THE KEY POINTS OF THE CONVENTION--
The following are the key points of the Convention.
(1) Taxation on Business Profits
Where an enterprise of one of the two countries has in the other country a permanent establishment (such as a branch, including the furnishing of services by an enterprise through personnel over a certain period of time) through which the enterprise carries on business, only the profits attributable to the permanent establishment may be taxed in that other country.
(2) Taxation on Investment Income
Taxation on investment income (dividends, interest and royalties) in the source country will be subjected to the maximum rates or exempted as follows:
DIVIDENDS
5% (holding at least 10% of shares)
10% (others)
INTEREST
Exempted (beneficially owned by the Governments etc.)
10% (others)
ROYALTIES
5% (Equipmentï¼‰
10% (Others)
“¢ voting power (where paid by a company of Japan), or capital (where paid by a company of Morocco)

(3) TAXATION ON GAINS FROM ALIENATION OF SHARES--
Gains from the alienation of shares representing at least 50 per cent of the capital of a company may be taxed in the source country subjected to the maximum rate at the 5 per cent. However, gains derived from changes of ownership that would directly result from a corporate reorganisation of that company or that alienator will be exempted from tax.
(4)PREVENTION OF ABUSE OF THE CONVENTION---
In order to prevent abuse of benefits under this Convention, any benefit under this Convention will not be granted if it is reasonable to conclude that obtaining such a benefit was one of the principal purposes of any transaction.

(5)MUTUAL AGREEMENT PROCEDURE---
Taxation not in accordance with the provisions of this Convention may be resolved by mutual agreement between the tax authorities of the two countries.
(6)EXCHANGE OF INFORMATION AND ASSISTANCE IN COLLECTION OF TAX CLAIMS--------------------------------
In order to effectively prevent international tax evasion and tax avoidance, the exchange of information concerning tax matters and the mutual assistance in the collection of tax claims between the two countries are introduced.
After the completion of the necessary domestic procedures in each of the two countries (in the case of Japan, approval by the Diet is necessary), each of the two countries shall send through diplomatic channels to the other country the notification confirming the completion of its internal procedures. This Convention will enter into force on the thirtieth day after the date of receipt of the latter notification and will have effect:
(1) IN JAPAN:
(a) with respect to taxes levied on the basis of a taxable year, for taxes for any taxable years beginning on or after the first day of January in the calendar year next following that in which this Convention enters into force; and
(b) with respect to taxes levied not on the basis of a taxable year, for taxes levied on or after the first day of January in the calendar year next following that in which this Convention enters into force; and
(2) IN MOROCCO:
(a) with respect to taxes withheld at source, on amounts paid or credited, on or after the first day of January of the calendar year next following that in which this Convention enters into force; and
(b) with respect to other taxes, for any taxable year or period beginning on or after the first day of January of the calendar year next following that in which this Convention enters into force; and
(3) The provisions concerning the exchange of information and the assistance in the collection of taxes have effect from the date of entry into force of this Convention without regard to the date on which the taxes are levied or the taxable year to which the taxes relate.
Source : Embassy With, APO Group on behalf of Ministry of Foreign Affairs of Japan.

Article online:
https://www.uspa24.com/bericht-16388/signing-of-tax-convention-between-japan-and-morocco-on-january-8.html

Editorial office and responsibility:
V.i.S.d.P. & Sect. 6 MDStV (German Interstate Media Services Agreement): Jedi Foster P/O Rahma Sophia Rachdi

Editorial program service of General News Agency:
United Press Association, Inc.
3651 Lindell Road, Suite D168
Las Vegas, NV 89103, USA
(702) 943.0321 Local
(702) 943.0233 Facsimile
info@unitedpressassociation.org
info@gna24.com
www.gna24.com