



The Ninth IMF-Japan High-Level Tax Conference for Asian Countries

Enhancing Dispute Resolution under *MAP/APA Programme*

- *Japan's Commitments under BEPS Implementation Phase* -

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Tokyo, April 10-11, 2018

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Japan's *TP Legislation at a glance*

Date of Introduction	April 1st, 1986
Legal Instruments	Article 66-4 of <i>"the Act on Special Measures Concerning Taxation"</i> (supplemented by Cabinet Order, Ministerial Ordinance, and Commissioner's Directives)
Statute of Limitation	6 years
Applicable TPM	CUP, RP, CP, TNMM, and Comparative/Contribution/Residual Profit Split available under <i>"the Most Appropriate Method approach"</i>
TP Audits	conducted by <i>Tokyo and other Regional Taxation Bureaus</i> under NTA's supervision

Japan's APA Programs at a glance

Date of Introduction	April 1st, 1987
Types of APAs	Unilateral, Bilateral, and Multilateral are available
Legal Instruments	"Commissioner's Directive on the Operation of Transfer Pricing" "Commissioner's Directive on the Mutual Agreement Procedures"
Filing Deadline	On or before the commencing date of the 1 st APA Year
APA Term	3 to 5 years in principle (with Roll-back for Bilateral/Multilateral APAs)
Filing Fee Charged	Free of Charge for Application
Pre-Filing Consultation	Not mandatory, but Strongly Recommended
Assessment of APA	Conducted by major Regional Taxation Bureaus under the coordination with the MAP Office in the NTA

Status of *the OECD Transfer Pricing Guidelines*

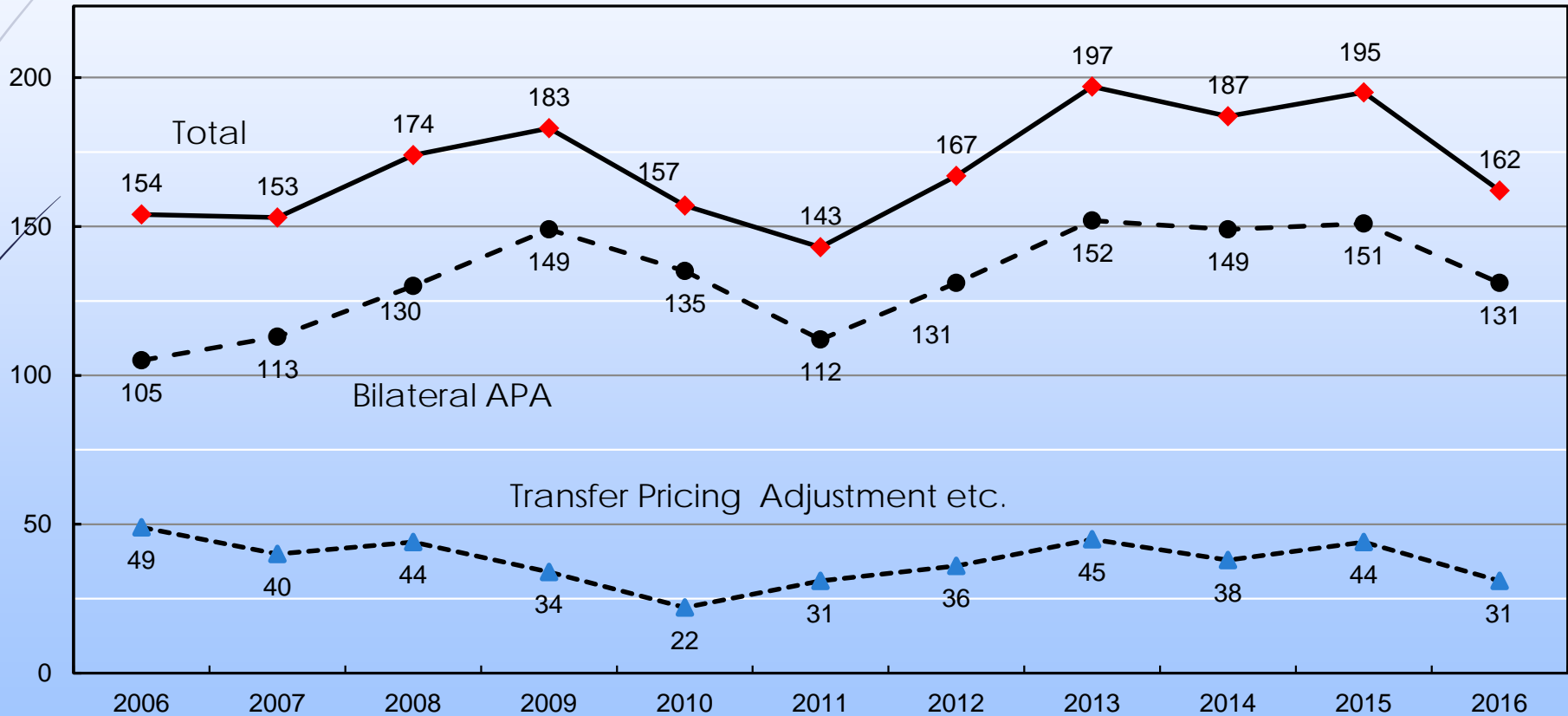
“To solve international double taxation caused by transfer pricing taxation, it is important for the tax authorities of each country to share an understanding of transfer pricing.

Therefore, an examination or APA review shall be conducted in an appropriate manner by referring to the OECD Transfer Pricing Guidelines as necessary.”

Paragraph 1-2(3) of Commissioner’s Directive on the Operation of Transfer Pricing

Number of MAP/APA Cases received in Japan

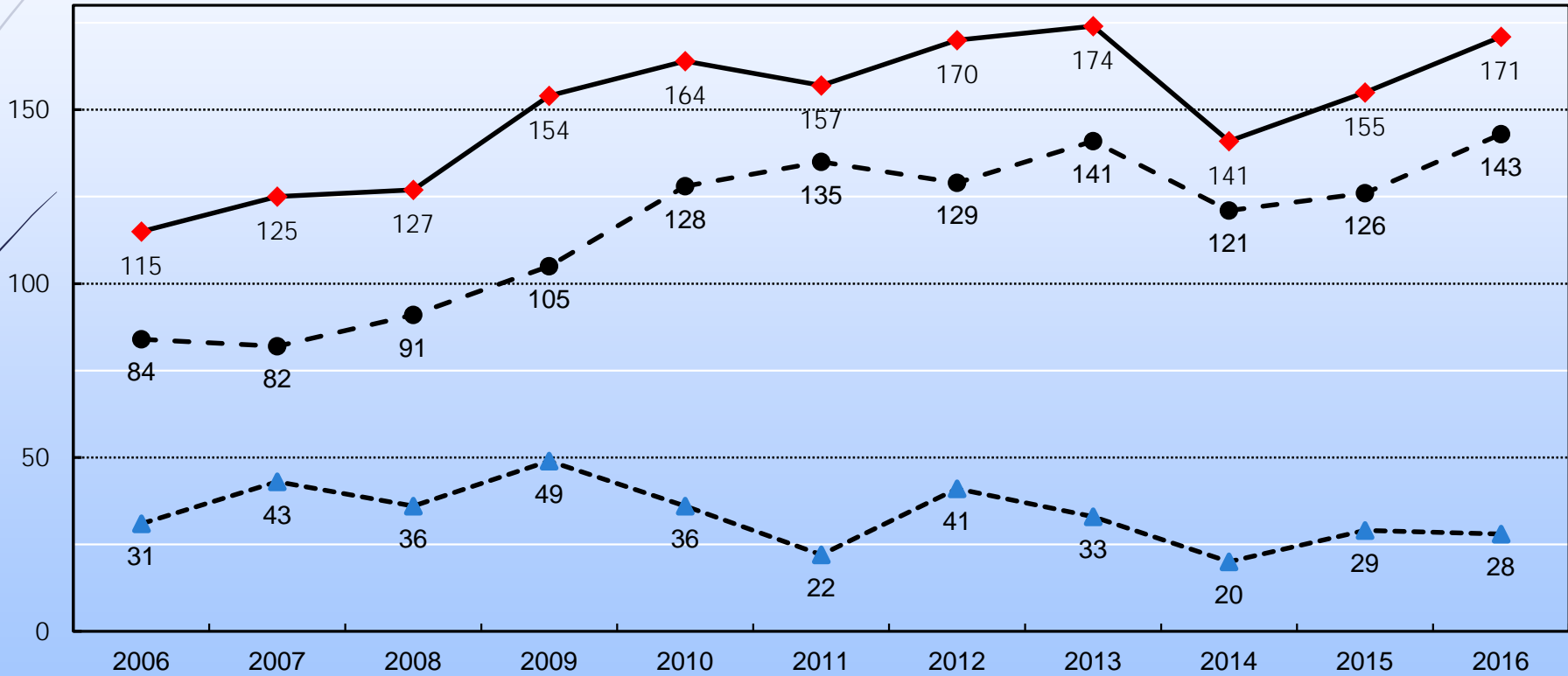
Number of cases received



Business Year (from July to June)

Number of MAP/APA Cases closed in Japan

Number of cases closed



Business Year

Commitments for Enhancing MAP/APA Programme

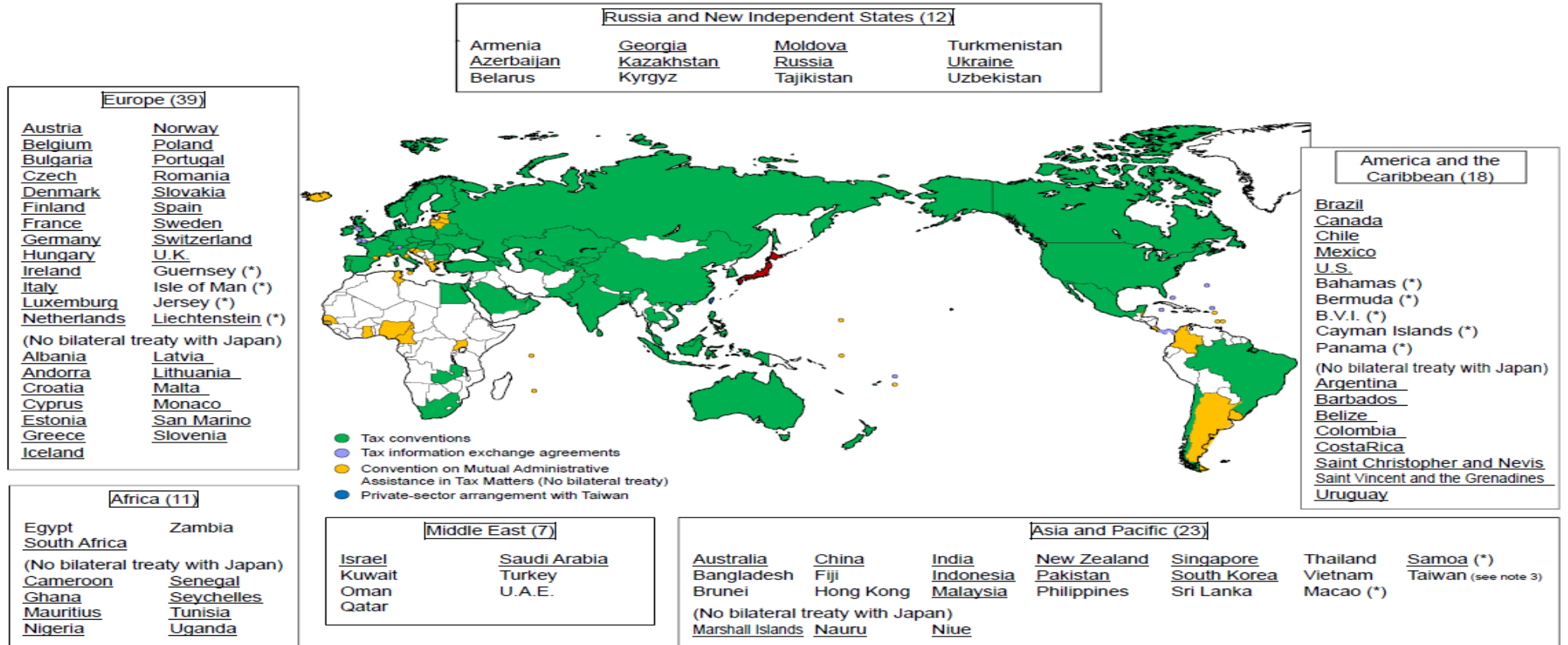
- ✓ Expanding *Tax Treaty Network*
- ✓ Committing to *Mandatory Binding MAP Arbitration*
- ✓ Reinforcing *Human Resources*
- ✓ Supporting *Capacity Building*
- ✓ Pursuing *Best Practices* for more effective MAP/APA negotiations

Expanding Tax Treaty Network

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Japan's Tax Convention Network

Ministry of Finance Japan
 (68 conventions, etc. applicable to 110 jurisdictions; as of June 1, 2017)



(Note 1) Since the Convention on Mutual Administrative Assistance in Tax Matters is a multilateral treaty, and the tax conventions with the former Soviet Union and with the former state of Czechoslovakia were succeeded by more than one jurisdiction, the numbers of jurisdictions do not correspond to those of tax conventions.

(Note 2) The breakdown of the numbers of conventions and jurisdictions is as follows:

Tax conventions for the avoidance of double taxation and the prevention of fiscal evasion; 55 conventions and 66 jurisdictions

Tax information exchange agreements; 11 conventions and 11 jurisdictions (These jurisdictions are marked with (*) above)

Convention on Mutual Administrative Assistance in Tax Matters; 79 jurisdictions (These jurisdictions are underlined above).

Private-sector arrangement with Taiwan; 1 jurisdiction

(Note 3) With respect to Taiwan, a framework equivalent to a tax convention is established in combination of (1) a private-sector arrangement between the Interchange Association (Japan) and the Association of East Asian Relations (Taiwan) and (2) Japanese domestic legislation to implement the provisions of that private-sector arrangement in Japan.

Committing to *Mandatory Binding MAP Arbitration*

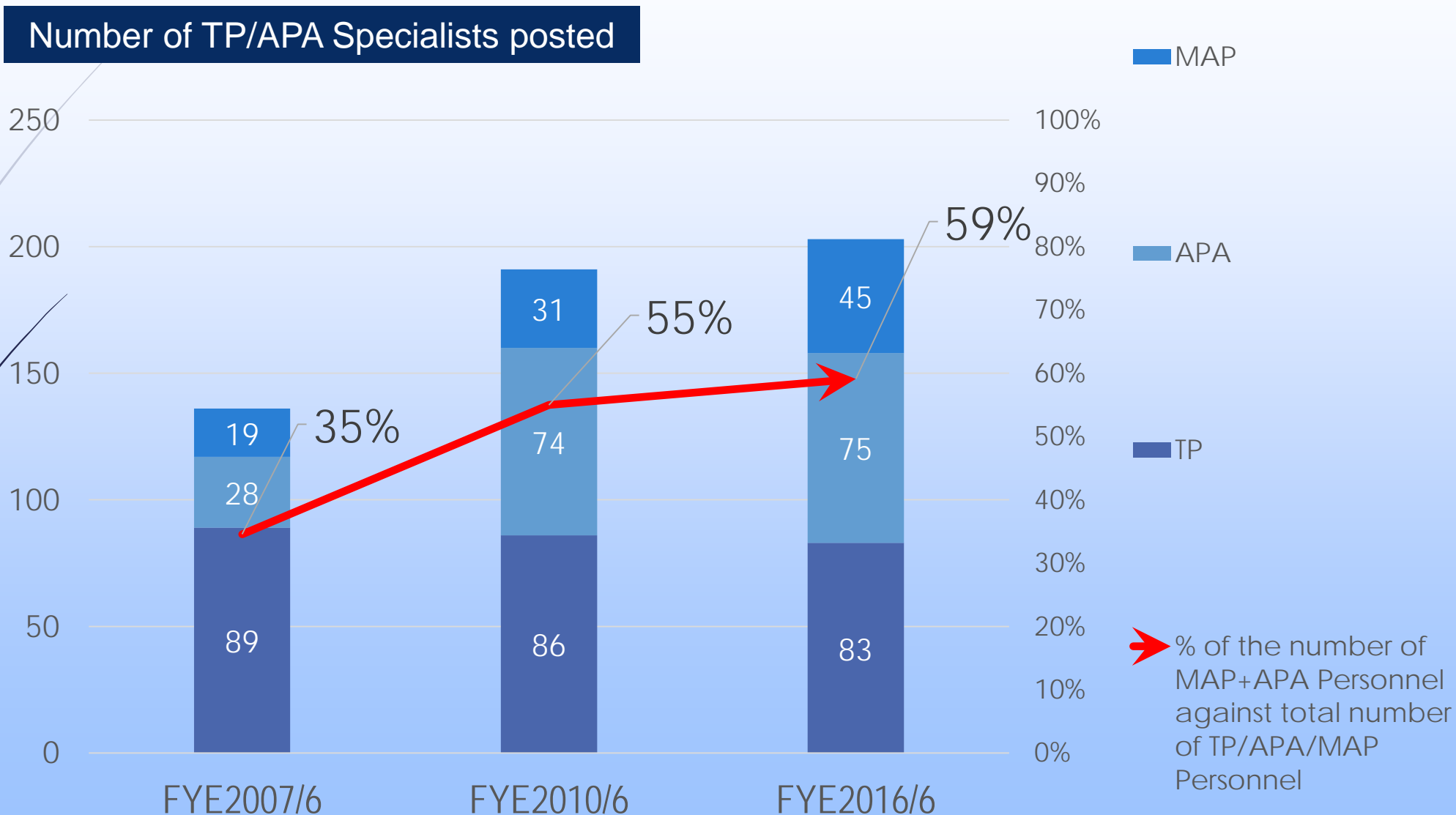
"The business community and a number of countries consider that mandatory binding arbitration is the best way of ensuring that tax treaty disputes are effectively resolved through MAP."

(The 2015 Action 14 Final Report, para. 62)

"Countries should provide transparency with respect to their positions on MAP arbitration."

(*id.*, Minimum Standard 1.7)

Reinforcing *Human Resources*



Supporting *Capacity Building*

■ Status of training conducted in Japan

(number of countries, people)

		FY2012	FY2013	FY2014	FY2015	FY2016
International Seminar on Taxation (ISTAX) (General)	Countries	15	16	17	16	15
	People	15	16	17	16	15
International Seminar on Taxation (ISTAX) (Advanced)	Countries	11	13	13	9	8
	People	11	13	13	9	10
Country-Focused Training Courses in Tax Administration	Countries	7	6	6	3	4
	People	95	116	111	56	96
International Taxation for Asian Countries	Countries	5	6	6	6	7
	People	11	16	12	8	11
Practicum at the NTA	Countries	12	11	13	14	9
	People	19	20	17	18	15



Pursuing *Best Practices*

for more effective MAP/APA negotiations

- ✓ Holding a *periodical face-to-face meeting*
- ✓ Exchanging *position papers*
- ✓ Vesting adequate mandate in CAs
- ✓ Promptly Finalizing the agreement
- ✓ Sharing “Minutes” for the record

Thank you.