

# Submission to the State Duma of the draft law on ratification of the Convention between the Governments of Russia and Japan on the avoidance of double taxation with respect to taxes on income and the prevention of fiscal evasion

The Convention and its Protocol were signed in Vladivostok on 7 September 2017 during the Third Eastern Economic Forum.

## **Reference**

The draft federal law On the Ratification of the Convention between the Governments of Russia and Japan on the Avoidance of Double Taxation with Respect to Taxes on Income and the Prevention of Fiscal Evasion and its Protocol (hereinafter, respectively, the draft law, the Convention, the Protocol) was submitted by the Ministry of Foreign Affairs and the Ministry of Finance.

The Convention and the Protocol were signed in Vladivostok on 7 September 2017 as part of the Third Eastern Economic Forum.

The new Convention will replace the current Convention between the Governments of the Soviet Union and Japan on avoidance of double taxation with respect to income taxes of 18 January 1986.

The need to review the contractual framework arose due to the changed economic environment in Russia, changes in the tax legislation in both Russia and Japan, the development of bilateral economic ties and international trends in taxation, in particular concerning the exchange of information and the fight against abuse.

The Convention applies to taxes levied on the total amount of income or separate elements of income of individuals who are residents of one or both of the Contracting States, including taxes on income from the alienation of any property and taxes on the total amount of wages paid by their employers.

The main provisions of the Convention and the Protocol concern the taxation of profits from entrepreneurial activity, income from property, profits from sea and air transport services, dividends, interest, royalties from copyrights and licences, income of individuals, restrictions on benefits, and information exchange.

According to the federal law On International Treaties of the Russian Federation, the Convention and the Protocol are subject to ratification, as they contain requirements different from those stipulated by Russian legislation.

The draft law was considered and approved at a meeting of the Government of the Russian Federation on 22 May 2018.