

Appendix

Dividend Tax: The new agreement gives a better deal to investments, reducing the tax burden on dividends.

1974 Agreement	New Agreement
<p>Dividends received by Japanese companies and originating from their Spanish subsidiaries were taxed:</p> <ol style="list-style-type: none"> 10% if the recipient of the dividend held more than 25% of shares with voting rights in the company paying the dividends. 15% on a residual basis. 	<p>Dividends received by Japanese companies originating from their Spanish subsidiaries will be taxed:</p> <ol style="list-style-type: none"> 0% if the recipient of the dividend <ul style="list-style-type: none"> - Owns more than 10% of the shares with voting rights in the company that pays the dividends over a period of 12 months. - It is a pension fund. 5% on a residual basis.

Tax on interest. Under new agreement the power of taxation lies solely with the investor's country of residence.

1974 Agreement	New Agreement
<p>Interest earned by Spanish residents in Japan was taxed in Spain:</p> <ul style="list-style-type: none"> • 10% 	<p>Following the entry into force of the new agreement, withholding tax is as a general rule no longer levied on interest payments. Interest earned by Spanish residents in Japan will not be taxed in Spain:</p> <ul style="list-style-type: none"> • 0%

Royalties. The power of taxation lies solely with the investor's country of residence.

1974 Agreement	New Agreement
<p>Royalties earned by Spanish residents in Japanese taxed in Spain:</p> <ul style="list-style-type: none"> • 10% 	<p>Following the entry into force of the new agreement, withholding tax is no longer levied on royalty payments. Royalties earned by Spanish residents in Japan are not taxed in our country:</p> <ul style="list-style-type: none"> • 0%

Capital gains tax on the disposal of shares:

1974 Agreement	New Agreement
<p>Gains realised by a Spanish resident in Japan on the disposal of stocks and shares or other rights in the capital of a company or any other legal entity resident in Spain were taxed:</p> <ul style="list-style-type: none"> • 0% 	<p>Following the entry into force of the new agreement, gains made by a resident in Japan on the disposal of stocks and shares or any other rights in the capital of a company, or another legal entity resident in Spain, are taxed:</p> <ul style="list-style-type: none"> • 0%

<ul style="list-style-type: none">• Gains derived from the disposal of immovable property situated in Spain were taxed in Spain.	<ul style="list-style-type: none">• Gains derived from the disposal of immovable property situated in Spain are taxed in Spain.• Gains realised by a resident in Japan from the disposal of shares or similar interests in a company, such as shares in a partnership or trust, may be subject to taxation in Spain if, at any time during the 365 days preceding the disposal, more than 50% of the value of such shares or similar interests are is directly or indirectly derived from real estate.
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Dispute Resolution Procedure: Under the old double taxation agreement, disputes concerning the interpretation of the agreement were settled through a mutual agreement procedure.

In the new agreement, in order to avoid the relatively frequent case of mutual agreement procedures leaving some disputes unresolved, it is additionally foreseen that once the two-year period has elapsed without the dispute being resolved, it will be compulsorily settled by arbitration.