

REQUEST FOR THE SWIFT REVISION OF THE AUSTRALIA-JAPAN TAX CONVENTION

Australia is one of Japan's most important trading partners, and is also one of Japan's closest strategic allies. In order to further tighten the relationship between our countries, we believe it is necessary for both Australia and Japan to broaden, deepen and accelerate their bilateral investment patterns. However, this aspiration is currently facing a significant hurdle: Japanese investments must pay dividend and interest taxes that are clearly higher than those paid by investors from a number of other major trading nations. It is for this reason that Japanese companies have under-invested in the Australian market.

Currently, Japanese investors must submit to a dividend tax rate of 15% and an interest tax rate of 10%. By way of comparison, the United States and Britain were granted reductions in dividend tax (they now pay 0-5%) and exemptions from interest tax in 2003 and 2004 respectively. It is our belief that this has strengthened the investment relationships between Australia and those countries, thus reinforcing bilateral relationships as a whole.

The Japan Chamber of Commerce and Industry, Australia would like to earnestly request the Australian government to consider applying similar conditions to Japan as are enjoyed by Britain and the United States. To this end we would urge a swift revision of the Australia-Japan Tax Convention so that more Japanese investment dollars will flow into the Australian market. Such action, we believe, will greatly enhance the relationship between Australia and Japan.