

Additional Statement to Modify Certain Parts of the Statement of Mutual Cooperation and Understanding between the U.S. Department of the Treasury and the Authorities of Japan to Improve International Tax Compliance and to Facilitate Implementation of FATCA

Whereas, the United States of America (“United States”) and Japan exchanged notes related to a nonbinding Statement of Mutual Cooperation and Understanding between the U.S. Department of the Treasury and the Authorities of Japan to Improve International Tax Compliance and to Facilitate Implementation of FATCA (hereinafter referred to as “the Statement”) on June 10, 2013;

Whereas, the U.S. Department of the Treasury and the Authorities of Japan as defined in subparagraph 1(e) of Section 1 of the Statement (each, a “Participant”) desire to implement the arrangement in the Statement, which provides for cooperation to facilitate the implementation of FATCA based on direct reporting by Japanese financial institutions to the U.S. Internal Revenue Service, supplemented by the exchange of information upon request pursuant to the Convention Between the Government of the United States of America and the Government of Japan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion With Respect to Taxes on Income, signed on November 6, 2003, at Washington, DC (the “Convention”) and subject to the confidentiality and other protections provided for therein, including the provisions limiting the use of the information exchanged under the Convention;

Whereas Section 6 of the Statement provides that “the Authorities of Japan and Japanese Financial Institutions should be granted the benefit of any more favorable treatment under Section 3 or Annex I of the Statement relating to the application of FATCA to Japanese Financial Institutions afforded to another Partner Jurisdiction under a bilateral arrangement or agreement pursuant to which the other Partner Jurisdiction implements the same duties as the Authorities of Japan and Japanese Financial Institutions described in Section 2 of the Statement consistently with the same terms and conditions as described therein and in Sections 4, 6, 8, and 9 of the Statement;”

Whereas at least one Partner Jurisdiction has signed a bilateral intergovernmental agreement with the United States that, once in force, would obligate such Partner Jurisdiction to perform the same duties as the Authorities of Japan and Japanese Financial Institutions have assumed as described in Section 2 of the Statement consistently with the same terms and conditions as described therein and in

Sections 4, 6, 8, and 9 of the Statement (hereinafter referred to as a “Section 6 Consistent Intergovernmental Agreement”);

Whereas the Participants intend to modify certain parts of the Statement; and

Now, therefore, the Participants confirm the following:

1. All references in the Statement, including its Annexes, to “December 31, 2013” should be deleted and replaced with “June 30, 2014”.
2. All references in the Statement, including its Annexes, to “January 1, 2014” should be deleted and replaced with “July 1, 2014”.
3. The references to “December 31, 2015” in subparagraph C (1) of Section II of Annex I and in subparagraph E(1) of Section IV of Annex I should be deleted and replaced with “June 30, 2016”.
4. Subparagraph E(1) of Section II of Annex I should be deleted and replaced with “If a Preexisting Individual Account is a High Value Account as of June 30, 2014, the Reporting Japanese Financial Institution must complete the enhanced review procedures described in paragraph D of this section with respect to such account by June 30, 2015. If, based on this review such account is identified as a U.S. Account on or before December 31, 2014, the Reporting Japanese Financial Institution must report the required information about such account with respect to 2014 in the first report on the account, and on an annual basis thereafter. In the case of an account identified as a U.S. Account after December 31, 2014 and on or before June 30, 2015, the Reporting Japanese Financial Institution is not required to report information about such account with respect to 2014, but must report information about the account on an annual basis thereafter.”.
5. The first sentence in paragraph B of Section IV of Annex I should be deleted and replaced with “A Preexisting Entity Account that has an account balance or value that exceeds \$250,000 as of June 30, 2014, and a Preexisting Entity Account that does not exceed \$250,000 as of June 30, 2014 but the account balance or value of which exceeds \$1,000,000 as of the last day of 2015 or any subsequent calendar year, must be reviewed in accordance with the procedures set forth in paragraph D of this section.”.

6. Subparagraph B(4)(b) of Section VI of Annex I should be deleted and replaced with “The stock of the NFFE is regularly traded on an established securities market or the NFFE is a Related Entity of an Entity the stock of which is regularly traded on an established securities market. For purposes of this Statement, interests are “regularly traded” if there is a meaningful volume of trading with respect to the interests on an ongoing basis, and an “established securities market” means an exchange that is officially recognized and supervised by a governmental authority of a country in which the market is located and that has a meaningful annual value of shares traded on the exchange;”.

7. Subparagraph 1(bb) of Section 1 of the Statement should be deleted and replaced with “The term “Specified U.S. Person” means a U.S. Person, other than: (i) a corporation the stock of which is regularly traded on one or more established securities markets; (ii) any corporation that is a member of the same expanded affiliated group, as defined in section 1471(e)(2) of the U.S. Internal Revenue Code, as a corporation described in clause (i); (iii) the United States or any wholly owned agency or instrumentality thereof; (iv) any State of the United States, any U.S. Territory, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing; (v) any organization exempt from taxation under section 501(a) of the U.S. Internal Revenue Code or an individual retirement plan as defined in section 7701(a)(37) of the U.S. Internal Revenue Code; (vi) any bank as defined in section 581 of the U.S. Internal Revenue Code; (vii) any real estate investment trust as defined in section 856 of the U.S. Internal Revenue Code; (viii) any regulated investment company as defined in section 851 of the U.S. Internal Revenue Code or any entity registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-64); (ix) any common trust fund as defined in section 584(a) of the U.S. Internal Revenue Code; (x) any trust that is exempt from tax under section 664(c) of the U.S. Internal Revenue Code or that is described in section 4947(a)(1) of the U.S. Internal Revenue Code; (xi) a dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any State; (xii) a broker as defined in section 6045(c) of the U.S. Internal Revenue Code ; or (xiii) any tax-exempt trust under a plan that is described in section 403(b) or section 457(g) of the U.S. Internal Revenue Code.”.

8. The first clause in paragraph 5 of Section 3 of the Statement should be deleted and replaced with “If a Japanese Financial Institution, that otherwise meets the conditions described in Section 2 of this Statement or is described in paragraph 3 or 4 of this Section, has a Related Entity or branch that operates in a jurisdiction that prevents such Related Entity or branch from fulfilling the requirements of a participating FFI or deemed-compliant FFI for purposes of section 1471 of the U.S. Internal Revenue Code or has a Related Entity or branch that is treated as a Nonparticipating Financial Institution solely due to the expiration of the transitional rule for limited FFIs and limited branches under relevant U.S. Treasury Regulations, such Japanese Financial Institution should continue to be treated as a participating FFI, deemed-compliant FFI, or exempt beneficial owner, as appropriate, for purposes of section 1471 of the U.S. Internal Revenue Code, provided that:”.
9. Consistent with the mutual understanding expressed in Section 6 of the Statement, the United States intends to grant the Authorities of Japan and Japanese Financial Institutions the benefit of any more favorable treatment under Section 3 or Annex I of the Statement relating to the application of FATCA to Japanese Financial Institutions afforded to a Partner Jurisdiction through a Section 6 Consistent Intergovernmental Agreement.