

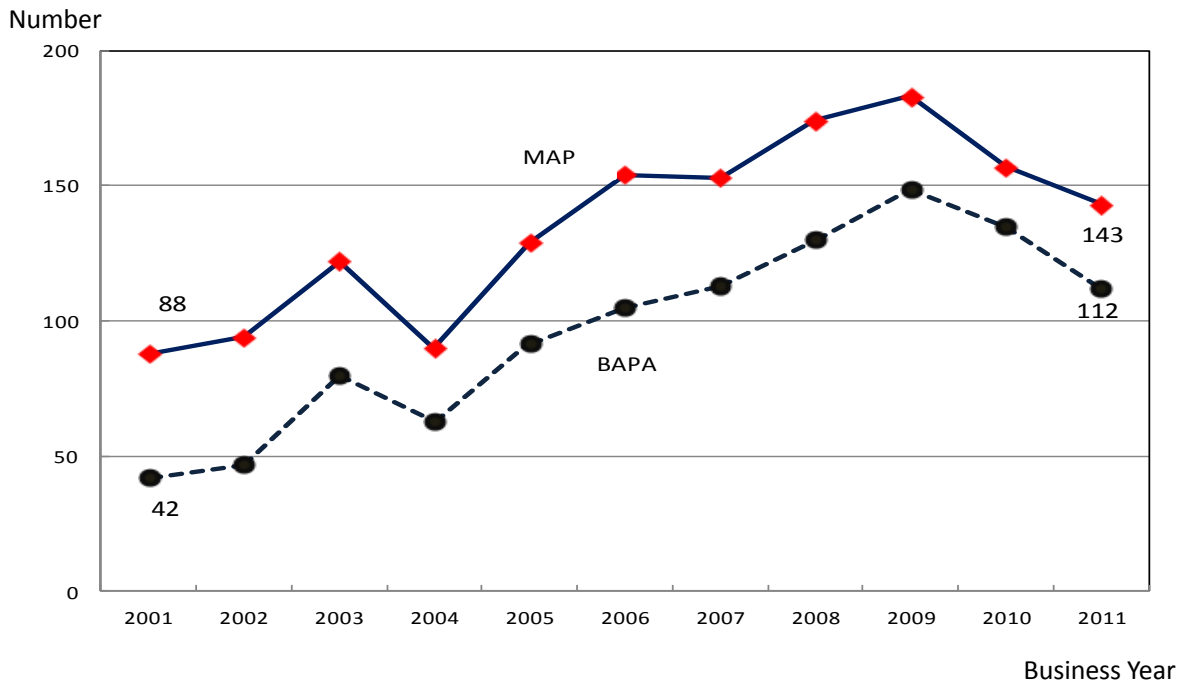
MAP Report 2012

When international double taxation arises from transfer pricing adjustments or other tax adjustments, the National Tax Agency (the “NTA”) enters into discussions with the tax treaty partners to resolve double taxation. Also, the NTA enters into the Bilateral Advance Pricing Arrangements (BAPA; an APA accompanied by MAP), in order to ensure the predictability of transfer pricing taxation and promote the proper and smooth administration of the transfer pricing taxation.

1. Recent Trends in the number of Mutual Agreement Procedures (MAP) cases received

- During the 2011 business year (July 2011 until June 2012), the National Tax Agency (NTA) received 143 MAP cases, of which 112 were on BAPA accounting for approximately 80% of total MAP cases.
- Compared to the statistics of a decade ago (2001 business year), the number of MAP cases and BAPA cases increased by 1.6 times and 2.7 times, respectively.
- However, the number of total MAP cases received have declined in the last two years, due primarily to the decrease in BAPA cases.

Chart 1 Trends in the number of MAP and BAPA cases received



(Notes) 1 The business year runs from 1 July to 30 June in the following year.
 2 The number of MAP cases consists of both cases in which the NTA received MAP requests from taxpayers in Japan, and cases in which the NTA received MAP requests from foreign tax authorities.

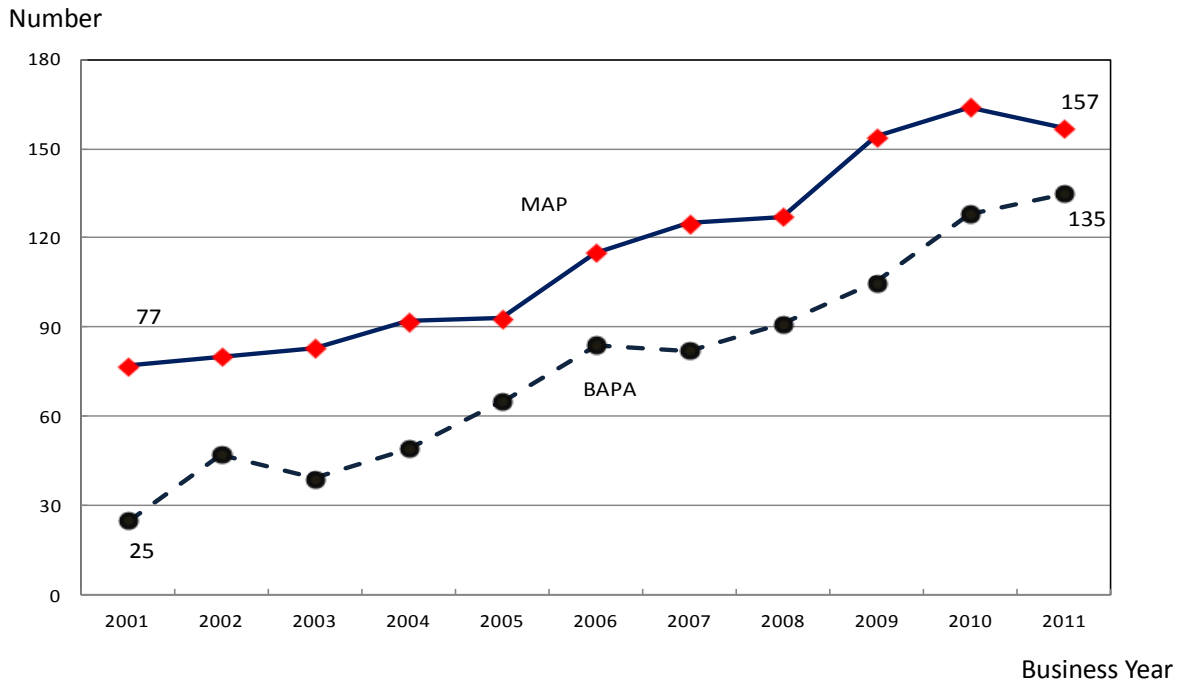
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2. Summary of the MAP update

(1) Number of MAP cases disposed of in the 2011 business year

○The number of MAP cases disposed of is 157 (-4% Y/Y) and the number of BAPA is 135 (+5% Y/Y). While the overall number of MAP cases disposed of decreased slightly, the number of BAPA cases disposed of hit the record high.

Chart 2 Trends in the number of MAP and BAPA cases disposed of



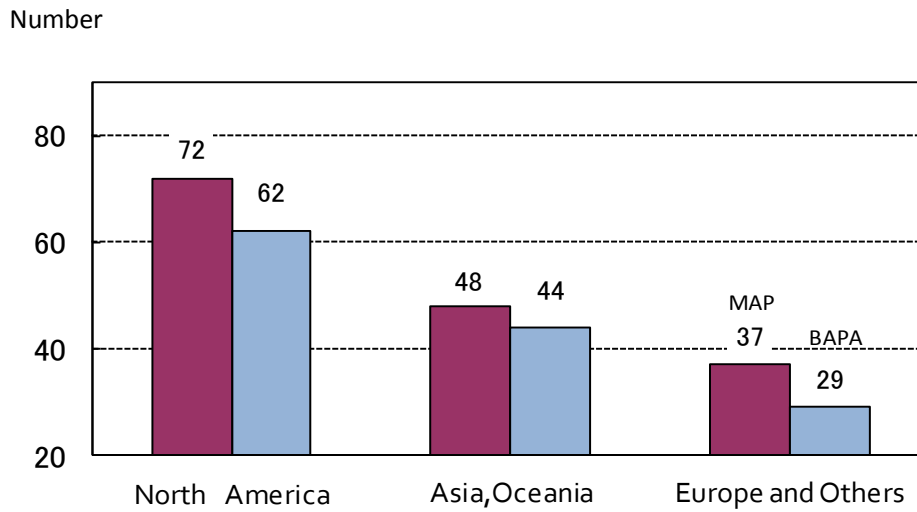
(2) Number of MAP cases disposed of by region

- The treaty partners with which the NTA disposed of the largest numbers of MAP cases in the 2011 business year were (1) United States, (2) Australia, and (3) United Kingdom.
- The number of treaty partners with MAP cases has not changed significantly in the last several years (from 25 countries in 2006 to 23 countries in 2011).

(Note) Please see Attachment 1 for the treaty partners with MAP cases as of June 30, 2012. The number of cases by country is not disclosed in consideration of the relationships with the treaty partners.

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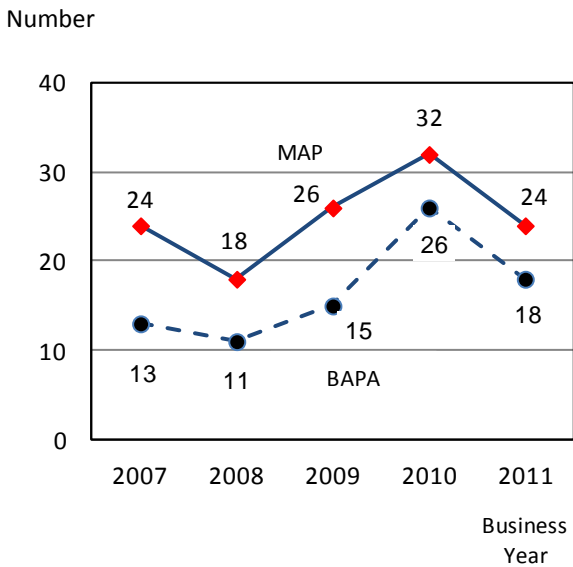
Chart 3 Number of MAP cases Disposed of by Region



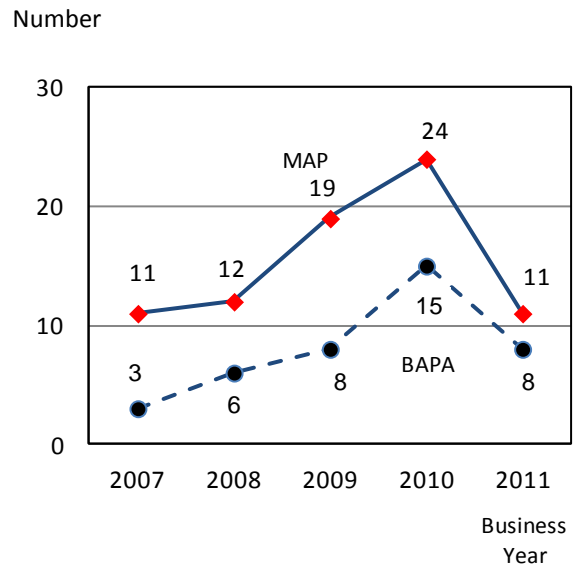
(3) Number of MAP cases with Non-OECD countries

○The number of MAP cases received with Non-OECD countries is 24 (-25% Y/Y), those disposed of are 11 (-54% Y/Y) and those carried forward are 95 (+16% Y/Y), as shown in Chart 4 below.

Chart 4 Trends in the number of MAP cases received with Non-OECD countries

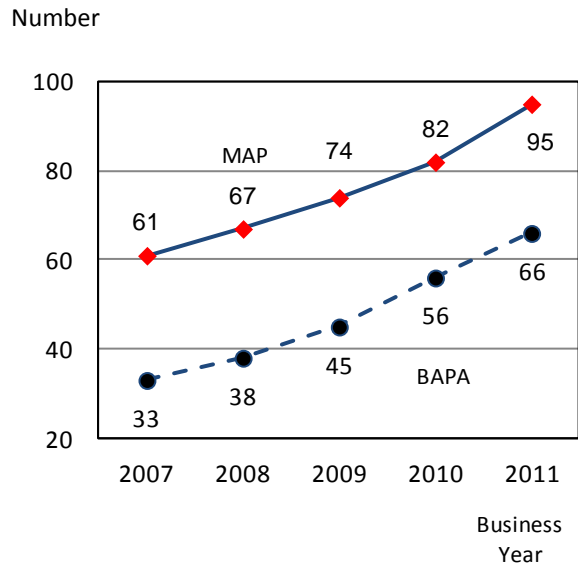


Trends in the number of disposed of MAP cases with Non-OECD countries



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Trends in the number of carried forward
MAP cases with Non-OECD countries



(4) Average processing time on a MAP case

○The average processing time on a MAP case in 2011 business year was 25.1 months, of which on BAPA was 23.6 months.

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(Attachment 1)

Treaty Partners with MAP cases (as of June 30 2012)

Europe	Asia Pacific	North America
(OECD member countries)		
Belgium ※	Australia ※	Canada ※
Czech ※	Korea ※	United States ※
Denmark		
France ※		
Germany ※		
Ireland ※		
Italy ※		
Luxembourg ※		
Netherlands ※		
Spain		
Sweden ※		
Switzerland ※		
United Kingdom ※		
(OECD non-member countries)		
	China ※	
	India	
	Indonesia	
	Malaysia	
	Singapore ※	
	Thailand ※	
13 countries	8 countries	2 countries

(Notes) 1 The number of countries with MAP cases as of June 30 2012 is 23.

2 The symbols "※" indicate countries with APA cases (18 countries).

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(Attachment 2)

The number of MAP cases in recent years

Business Year		BAPA	Transfer Pricing Taxation	Others	Total
2009	Cases Received	149	27	7	183
	Cases Disposed	105	33	16	154
	Year End Inventory	305	58	17	380
2010	Cases Received	135	14	8	157
	Cases Disposed	128	27	9	164
	Year End Inventory	312	45	16	373
2011	Cases Received	112	21	10	143
	Cases Disposed	135	15	7	157
	Year End Inventory	289	51	19	359

- (Notes)
- 1 The business year runs from 1 July to 30 June of the following year.
 - 2 The number of MAP cases consists of both cases in which the NTA received MAP requests from taxpayers in Japan and cases in which the NTA received MAP requests from foreign tax authorities.
 - 3 MAP cases related to compensating adjustments and amendments to a previously agreed APA are counted in the years when MAP requests on those particular issues are made.
 - 4 The number of MAP cases disposed of includes cases already closed by the agreements with the treaty partners or by the withdrawals of MAP requests by the taxpayers.
 - 5 "Others" include cases related to permanent establishments (PEs) and withholding taxes.

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(Reference 1)

Terminologies

【Mutual Agreement Procedures (MAP)】

Mutual Agreement Procedures (MAP) are a formalized set of procedures between tax authorities of treaty partners which are provided in tax treaties to resolve the international tax disputes such as those represented by double taxation cases arising as a result of taxation not in accordance with the applicable tax treaties imposed or to be imposed on the taxpayers. All 53 tax treaties that Japan has concluded with treaty partners (64 countries/regions are covered as of the end of June 2012) include the provisions on Mutual Agreement Procedures.

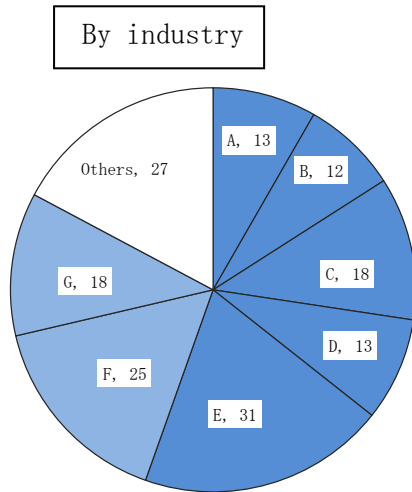
【Advance Pricing Arrangement (APA)】

APA is an arrangement whereby, based on the application from a taxpayer, the tax administration confirms in advance an appropriate set of criteria such as methods, comparables and appropriate adjustments thereto, critical assumptions as to future events for the determination of the transfer pricing for the transactions between the taxpayer and its foreign-related entity/entities over a fixed period of time. It is often the case that APAs are agreed bilaterally or multilaterally among the tax-treaty partners to ensure the predictability for the taxpayer of the tax consequence in respect of its transfer pricing practices and the elimination of potential double taxation through MAP process. The tax administration will refrain from applying transfer pricing taxation to the taxpayer if the taxpayer files its tax returns in accordance with the confirmed APA conditions for the years covered by the APA.

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(Reference 2)

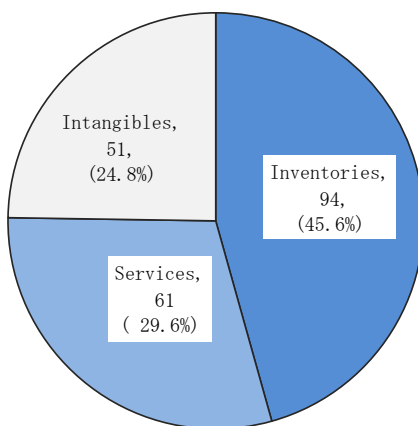
The breakdown of MAP cases in business year 2011



Manufacturing	87	(55.4%)
Wholesale/Retail	43	(27.4%)
Other	27	(17.2%)
Total	157	(100.0%)

- A: Manufacturing (consumer electric equipment, instruments, and bulbs)
- B: Manufacturing (transport equipment and instruments)
- C: Manufacturing (industrial electric equipments and instruments)
- D: Manufacturing (machineries and equipments)
- E: Manufacturing (others)
- F: Trading (import/export)
- G: Other wholesale/retail

By type of transaction

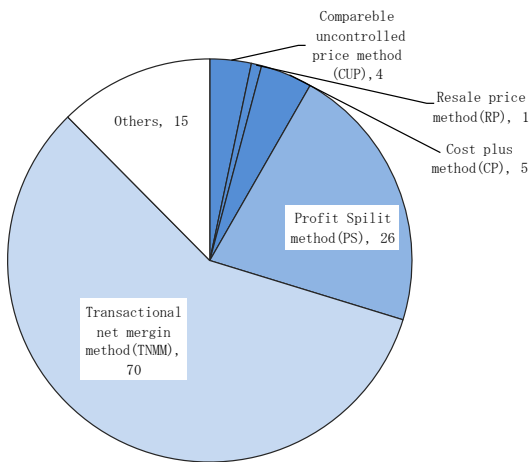


(Notes)

- 1 Total number of MAP cases disposed of does not correspond to the sum of numbers in the left chart, as cases are counted for multiple types of transactions when applicable.
- 2 MAP cases related to compensation adjustments and amendments to a previously agreed APA are counted for the originally agreed type of transaction only.

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By transfer pricing method



(Notes)

- 1 Total number of MAP cases disposed of does not correspond to the sum of numbers in the left chart, as cases are counted for multiple transfer pricing methods when applicable.
- 2 MAP cases related to compensating adjustments and amendments to a previously agreed APA are counted for the originally agreed transfer pricing method only.