2. Where the income derived from the Netherlands is dividends paid by a company which is a resident of the Netherlands to a company which is a resident of Japan and which has owned at least 10 per cent either of the voting shares issued by the company paying the dividends, or of the total shares issued by that company, during the period of six months immediately before the day when the obligation to pay dividends is confirmed, such dividends shall be excluded from the basis upon which the Japanese tax is imposed. Such exclusion shall be subject to the provisions, other than the provisions with regard to ownership requirements of shares, of the laws of Japan regarding the exclusion of dividends from the basis upon which the Japanese tax is imposed.

3. The Netherlands, when imposing tax on its residents, may include in the basis upon which such taxes are imposed the items of income which, according to the provisions of this Convention, may be taxed or shall be taxable only in Japan.

4. However, where a resident of the Netherlands derives items of income which according to paragraphs 1, 3 and 4 of Article 6, paragraph 1 of Article 7, paragraph 7 of Article 10, paragraph 5 of Article 11, paragraph 3 of Article 12, paragraphs 1, 2, 3 and 4 of Article 13, paragraphs 1 and 3 of Article 14, paragraphs 1 and 2 of Article 17, subparagraph a) of paragraph 1 and subparagraph a) of paragraph 2 of Article 18 and paragraph 2 of Article 20 may be taxed or shall be taxable only in Japan and are included in the basis referred to in paragraph 3, the Netherlands shall exempt such items of income by allowing a reduction of its tax. This reduction shall be computed in conformity with the provisions of the Netherlands law for the avoidance of double taxation. For that purpose the said items of income shall be deemed to be included in the amount of the items of income which are exempt from Netherlands tax under those provisions.

5. Further, the Netherlands shall allow a deduction from the Netherlands tax so computed for the items of income which according to paragraphs 2 and 10 of Article 10, paragraph 2 of Article 11, paragraph 7 of Article 13, Article 15, paragraphs 1 and 2 of Article 16 and paragraph 3 of Article 17 may be taxed in Japan to the extent that these items are included in the basis referred to in paragraph 3. The amount of the deduction shall be equal to the tax paid in Japan on these items of income, but shall, in case the provisions of the Netherlands law for the avoidance of double taxation provide so, not exceed the amount of the deduction which would be allowed if the items of income so included were the sole items of income for which the Netherlands gives a reduction under the provisions of the Netherlands law for the avoidance of double taxation.

This paragraph shall not restrict allowance now or hereafter accorded by the provisions of the Netherlands law for the avoidance of double taxation, but only as far as the calculation of the amount of the deduction of Netherlands tax is concerned with respect to the aggregation of income from more than one country and the carry forward of the tax paid in Japan on the said items of income to subsequent years.

6. Notwithstanding the provisions of paragraph 4, the Netherlands shall allow a deduction from the Netherlands tax for the tax paid in Japan on items of income which according to paragraph 1 of Article 7, paragraph 7 of Article 10, paragraph 5 of Article 11, paragraph 3 of Article 12 and paragraph 2 of Article 20 may be taxed in Japan to the extent that these items are included in the basis referred to in paragraph 3, insofar as the Netherlands under the provisions of the Netherlands law for the avoidance of double taxation allows a deduction from the Netherlands tax of the tax levied in another country on such items of income. For the computation of this deduction the provisions of paragraph 5 of this Article shall apply accordingly.

7. For the purposes of the preceding paragraphs of this Article, income beneficially owned by a resident of a Contracting State which may be taxed or shall be taxable only in the other Contracting State in accordance with this Convention shall be deemed to arise from sources in that other Contracting State.