ARTICLE 21
LIMITATION OF RELIEF

No relief shall be available under this Convention if it was the main purpose of any person concerned with the creation or assignment of any right or property in respect of which the income is paid or derived to take advantage of the Convention by means of that creation or assignment.

ARTICLE 22
ELIMINATION OF DOUBLE TAXATION

1. In Portugal, double taxation shall be eliminated as follows:

a) Where a resident of Portugal derives income which, in accordance with the provisions of this Convention, may be taxed in Japan, Portugal shall allow as a deduction from the Portuguese tax on the income of that resident an amount equal to the Japanese tax paid in Japan. Such deduction shall not, however, exceed that part of the Portuguese tax as computed before the deduction is given, which is attributable to the income which may be taxed in Japan;

b) Where in accordance with any provisions of this Convention income derived by a resident of Portugal is exempt from tax in Portugal, Portugal may nevertheless, in calculating the amount of tax on the remaining income of such resident, take into account the exempted income;

c) Notwithstanding the provision of subparagraph a), where a company which is a resident of Portugal receives dividends from a company which is a resident of Japan and which is subject to and not exempt from Japanese tax, Portugal shall allow a deduction for such dividends included in the tax base of the company receiving the dividends, provided that the latter company has directly held a participation corresponding to at least 10 per cent of the capital of the company paying the dividends for an uninterrupted period of one year prior to the date on which the dividends are paid or, if held for a shorter period, it continues to hold that participation until the year-long condition is satisfied. The provisions of this subparagraph shall only apply if the profits out of which such dividends are paid are effectively taxed at a rate of 10 per cent or higher.

2. In Japan, double taxation shall be eliminated as follows:

a) Subject to the provisions of the laws of Japan regarding the allowance as a credit against Japanese tax of tax payable in any country other than Japan, where a resident of Japan derives income from Portugal which may be taxed in Portugal in accordance with the provisions of this Convention, the amount of Portuguese tax payable in respect of that income shall be allowed as a credit against the Japanese tax imposed on that resident. The amount of credit, however, shall not exceed that part of the Japanese tax which is appropriate to that income;

b) Where the income derived from Portugal is dividends paid by a company which is a resident of Portugal to a company which is a resident of Japan and which has owned at least 25 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, provided that such exclusion shall be subject to the provisions of the laws of Japan regarding the exclusion of dividends from the basis upon which the Japanese tax is imposed;

c) For the purposes of the preceding subparagraphs of this paragraph, income beneficially owned by a resident of Japan which may be taxed in Portugal in accordance with the provisions of this Convention shall be deemed to arise from sources in Portugal.

ARTICLE 23
NON-DISCRIMINATION

1. Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of that other Contracting State in the same circumstances, in particular with respect to residence, are or may be subjected. The provisions of this paragraph shall, notwithstanding the provisions of Article 1, also apply to persons who are not residents of one or both of the Contracting States.