3. In determining the profits of a permanent establishment, there shall be allowed as deductions necessary expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the Contracting State in which the permanent establishment is situated or elsewhere.

4. For the purposes of the preceding paragraphs of this Article, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.

5. Where profits include items of income which are dealt with separately in other Articles of this Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

Article 8
SHIPPING AND AIR TRANSPORT

1. Profits from the operation of ships or aircraft in international traffic carried on by an enterprise of a Contracting State shall be taxable only in that Contracting State.

2. Notwithstanding the provisions of Article 2, where an enterprise of a Contracting State carries on the operation of ships or aircraft in international traffic, that enterprise, if an enterprise of Chile, shall be exempt from the enterprise tax of Japan, and, if an enterprise of Japan, shall be exempt from any tax similar to the enterprise tax of Japan which may be imposed after the date of signature of this Convention in Chile.

3. For the purposes of this Article, profits from the operation of ships or aircraft in international traffic carried on by an enterprise also include:

(a) profits derived by the enterprise from the rental on a bareboat basis of ships and aircraft; and

(b) profits derived by the enterprise from the use, maintenance or rental of containers (including trailers and related equipment used for transport of containers),

where such rental or such use, maintenance or rental, as the case may be, is incidental to the operation of ships or aircraft in international traffic carried on by the enterprise.

4. The provisions of paragraph 1 shall not apply to profits derived by an enterprise of a Contracting State from transport by a ship or aircraft of passengers and goods which are embarked or shipped at a place in the other Contracting State and are disembarked or discharged at another place in that other Contracting State. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

5. The provisions of the preceding paragraphs of this Article shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

Article 9
ASSOCIATED ENTERPRISES

1. Where

(a) an enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State, or

(b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State,

and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.