10. Where, pursuant to any provisions of this Convention, a Contracting State relieves or exempts from tax income of a resident of the other Contracting State and, under the laws of that other Contracting State, the resident is subjected to tax in that other Contracting State only on that part of such income as is remitted to or received in that other Contracting State, then such relief or exemption shall apply only to so much of such income as is remitted to or received in that other Contracting State.

Article 23
ELIMINATION OF DOUBLE TAXATION

1. 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 Belgium which may be taxed in Belgium in accordance with the provisions of this Convention, the amount of Belgian 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 the amount of the Japanese tax which is appropriate to that income.

2. (a) Where a resident of Belgium derives income, not being dividends, interest or royalties, which is taxed in Japan in accordance with the provisions of this Convention, Belgium shall exempt such income from tax but if such resident is an individual, Belgium shall only exempt such income from tax to the extent that such income is effectively taxed in Japan.

(b) Notwithstanding the provisions of subparagraph (a) and any other provision of this Convention, Belgium shall, for the determination of the additional taxes established by Belgian municipalities and conurbations, take into account the earned income (*revenus professionnels - beroepsinkomsten*) that is exempted from tax in Belgium in accordance with that subparagraph. These additional taxes shall be calculated on the tax which would be payable in Belgium if the earned income in question had arisen in Belgium.

Where in accordance with any provision of the Convention income derived by a resident of Belgium is exempted from tax in Belgium, Belgium may nevertheless, in calculating the amount of tax on the remaining income of such resident, apply the rate of tax which would have been applicable if such income had not been exempted.

(c) Dividends derived by a company which is a resident of Belgium from a company which is a resident of Japan shall be exempted from the corporate income tax in Belgium under the conditions and within the limits provided for in Belgian law.

(d) Where a company which is a resident of Belgium derives from a company which is a resident of Japan dividends which are not exempted in accordance with subparagraph (c), such dividends shall nevertheless be exempted from the corporate income tax in Belgium if the company which is a resident of Japan is effectively engaged in the active conduct of a business in Japan. In such case, such dividends shall be exempted under the conditions provided for in Belgian law except those conditions that are related to the taxation of the company which is a resident of Japan or the income out of which the dividends are paid. The provisions of this subparagraph shall only apply to dividends paid out of income generated by the active conduct of a business and shall not apply to the extent that the company that is a resident of Japan has deducted, or may deduct, the dividends from its profits.

For the purposes of this subparagraph, a company shall not be considered to be effectively engaged in the active conduct of a business in Japan where such company is an investment company, a financing company (other than a bank) or a treasury company or where such company holds any portfolio investment or any copyright, patent, trade mark, design, model, plan, secret formula or process which represents in the aggregate more than a third of its assets and such holding is not part of the active conduct of a business.

(e) Where a company which is a resident of Belgium derives from a company which is a resident of Japan dividends which are included in its aggregate income for Belgian tax purposes and which are not exempted from the corporate income tax according to subparagraph (c) or (d), the Japanese tax charged on such dividends in accordance with paragraph 2 of Article 10 shall be allowed as a credit against Belgian tax relating to such dividends. The credit allowed shall not exceed that part of the Belgian tax which is proportionally relating to such dividends.