ARTICLE 22
ELIMINATION OF DOUBLE TAXATION

1. In Ecuador, double taxation shall be avoided as follows:

(a) Where a resident of Ecuador derives income which, in accordance with the provisions of this Convention, may be taxed in Japan, Ecuador shall, subject to the provisions of subparagraphs (b) and (c), exempt such income from tax.

(b) Where a resident of Ecuador derives items of income which, in accordance with the provisions of Articles 10, 11 and 12, may be taxed in Japan, Ecuador shall allow as a deduction from the 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 tax, as computed before the deduction is given, which is attributable to such items of income derived from Japan.

(c) Where in accordance with any provision of the Convention income derived by a resident of Ecuador is exempt from tax in Ecuador, Ecuador may nevertheless, in calculating the amount of tax on the remaining income of such resident, take into account the exempted income.

(d) The provisions of subparagraph (a) shall not apply to income derived by a resident of Ecuador where Japan applies the provisions of the Convention to exempt such income from tax or applies the provisions of paragraph 2 or 3 of Article 10, paragraph 2 of Article 11 or paragraph 2 of Article 12 to such income.

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

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 Ecuador which may be taxed in Ecuador in accordance with the provisions of this Convention, the amount of Ecuadorian 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.

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.

2. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably levied in that other Contracting State than the taxation levied on enterprises of that other Contracting State carrying on the same activities. The provisions of this paragraph shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

3. Except where the provisions of paragraph 1 of Article 9, paragraph 7 of Article 11, paragraph 6 of Article 12 or paragraph 3 of Article 21 apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned Contracting State.

4. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned Contracting State are or may be subjected.

5. The provisions of this Article shall, notwithstanding the provisions of Article 2, apply to taxes of every kind and description imposed on behalf of a Contracting State or of its political subdivisions or local authorities.