

PROTOCOL

At the moment of signing the Convention this day concluded between the Government of Canada and the Government of the Republic of Ecuador for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, the undersigned have agreed upon the following provisions which shall be an integral part of the Convention.

1. The Convention shall not apply to the tax on Monetary Transactions (*Impuesto a la Circulación de Capitales*).
2. With reference to subparagraph (b) of paragraph 2 of Article 12, in the event that pursuant to an agreement or convention concluded with a country that is a member of the Organisation for Economic Co-operation and Development, after the date of signature of the Convention, Ecuador agrees to a rate of tax on royalties referred to in that subparagraph (b) that is lower than 15 per cent, the following shall apply for the purposes of that subparagraph:
 - (a) to the extent that such lower rate applies to:
 - (i) copyright royalties and other like payments in respect of the production or reproduction of any literary, dramatic, musical or other artistic work (but not including royalties in respect of motion picture films nor royalties in respect of works on film or videotape or other means of reproduction for use in connection with television), or
 - (ii) royalties for the use of, or the right to use, computer software or any patent or for information concerning industrial, commercial or scientific experience (but not including any such royalty provided in connection with a rental or franchise agreement)that lower rate shall automatically apply in similar circumstances.
 - b) to the extent that such lower rate applies to other royalties referred to in that subparagraph, the greater of such lower rate and the rate of 10 per cent shall automatically apply in similar circumstances.