

**No. 53269\***

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**Canada  
and  
Ecuador**

**Convention between the Government of the Republic of Ecuador and the Government of Canada for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (with protocol). Quito, 28 June 2001**

**Entry into force:** *20 December 2001 by notification, in accordance with article 28*

**Authentic texts:** *English, French and Spanish*

**Registration with the Secretariat of the United Nations:** *Canada, 10 December 2015*

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**Canada  
et  
Équateur**

**Convention entre le Gouvernement de la République de l'Équateur et le Gouvernement du Canada en vue d'éviter les doubles impositions et de prévenir l'évasion fiscale en matière d'impôts sur le revenu (avec protocole). Quito, 28 juin 2001**

**Entrée en vigueur :** *20 décembre 2001 par notification, conformément à l'article 28*

**Textes authentiques :** *anglais, français et espagnol*

**Enregistrement auprès du Secrétariat des Nations Unies :** *Canada, 10 décembre 2015*

*\*Le numéro de volume RTNU n'a pas encore été établi pour ce dossier. Les textes reproduits ci-dessous, s'ils sont disponibles, sont les textes authentiques de l'accord/pièce jointe d'action tel que soumises pour l'enregistrement et publication au Secrétariat. Pour référence, ils ont été présentés sous forme de la pagination consécutive. Les traductions, s'ils sont inclus, ne sont pas en form finale et sont fournies uniquement à titre d'information.*

[ ENGLISH TEXT – TEXTE ANGLAIS ]

**CONVENTION**

**BETWEEN**

**THE GOVERNMENT OF THE REPUBLIC OF ECUADOR**

**AND**

**THE GOVERNMENT OF CANADA**

**FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION  
OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME**

**THE GOVERNMENT OF THE REPUBLIC OF ECUADOR AND THE  
GOVERNMENT OF CANADA,**

**DESIRING** to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income,

**HAVE AGREED** as follows:

**I. SCOPE OF THE CONVENTION**

**ARTICLE 1**

**Persons Covered**

This Convention shall apply to persons who are residents of one or both of the Contracting States.

**ARTICLE 2**

**Taxes Covered**

1. This Convention shall apply to taxes on income imposed on behalf of each Contracting State, irrespective of the manner in which they are levied.
2. There shall be regarded as taxes on income all taxes imposed on total income or on elements of income, including taxes on gains from the alienation of movable or immovable property.
3. The existing taxes to which the Convention shall apply are, in particular:
  - (a) in the case of Canada: the income taxes imposed by the Government of Canada under the *Income Tax Act*, hereinafter referred to as "Canadian tax";

- (b) in the case of Ecuador: the income taxes imposed by the Government of Ecuador under the *Internal Tax Regime Law (Ley de Régimen Tributario Interno)*, hereinafter referred to as "Ecuadorian tax".

4. The Convention shall apply also to any identical or substantially similar taxes which are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes which have been made in their respective taxation laws.

## II. DEFINITIONS

### ARTICLE 3

#### General Definitions

1. For the purposes of this Convention, unless the context otherwise requires:

- (a) the term "Canada" used in a geographical sense, means the territory of Canada;
- (b) the term "Ecuador" means the Republic of Ecuador;
- (c) the terms "a Contracting State" and "the other Contracting State" mean, as the context requires, Canada or Ecuador;
- (d) the term "national" means:
  - (i) any individual possessing the nationality of a Contracting State,
  - (ii) any legal person, partnership or association deriving its status as such from the laws in force in a Contracting State;
- (e) the term "person" includes an individual, an estate, a trust, a legal person and any other body of persons;
- (f) the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes;
- (g) the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;
- (h) the term "competent authority" means:
  - (i) in the case of Canada, the Minister of National Revenue or the Minister's authorized representative,

- (ii) in the case of Ecuador, the Director General of the Internal Revenue Service;
  - (i) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise of a Contracting State, except where the ship or aircraft is operated solely between places within the other Contracting State.
- 2. As regards the application of the Convention at any time by a Contracting State any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that State for the purposes of the taxes to which the Convention applies, any meaning under the applicable tax laws of that State prevailing over the meaning given to the term under other laws of that State.

#### **ARTICLE 4**

##### **Resident**

- 1. For the purposes of this Convention, the term "resident of a Contracting State" means
  - (a) any person who, under the laws of that State, is liable to tax therein by reason of the person's domicile, residence, place of incorporation, place of management or any other criterion of a similar nature; however, the term does not include any person who is liable to tax in that State in respect only of income from sources in that State; and
  - (b) that State or a political subdivision or local authority thereof or any agency or instrumentality of any such State, subdivision or authority.
- 2. Where by reason of the provisions of paragraph 1, an individual is a resident of both Contracting States, then the individual's status shall be determined as follows:
  - (a) the individual shall be deemed to be a resident only of the State in which the individual has a permanent home available; if the individual has a permanent home available in both States, the individual shall be deemed to be a resident only of the State with which the individual's personal and economic relations are closer (centre of vital interests);
  - (b) if the State in which the individual's centre of vital interests cannot be determined, or if there is not a permanent home available in either State, the individual shall be deemed to be a resident only of the State in which the individual has an habitual abode;
  - (c) if the individual has an habitual abode in both States or in neither of them, the individual shall be deemed to be a resident only of the State of which the individual is a national;
  - (d) if the individual is a national of both States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.
- 3. Where by reason of the provisions of paragraph 1 a company is a resident of both Contracting States, then its status shall be determined as follows:

- (a) it shall be deemed to be a resident only of the State of which it is a national;
- (b) if it is a national of neither of the States the competent authorities of the Contracting States shall by mutual agreement endeavour to settle the question and to determine the mode of application of the Convention to the person. In the absence of such agreement, the person shall not be entitled to claim any relief or exemption from tax provided by the Convention.

4 Where by reason of the provisions of paragraph 1 a person other than an individual or a company is a resident of both Contracting States, the competent authorities of the Contracting States shall by mutual agreement endeavour to settle the question and to determine the mode of application of the Convention. In the absence of such agreement, such person shall not be entitled to claim any relief or exemption from tax provided by the Convention.

## **ARTICLE 5**

### **Permanent Establishment**

1. For the purposes of this Convention, the term "permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on.
2. The term "permanent establishment" includes especially:
  - (a) a place of management;
  - (b) a branch;
  - (c) an office;
  - (d) a factory, a workshop or an assembly plant; and
  - (e) a mine, an oil or gas well, a quarry or any other place relating to the exploration for or the exploitation of natural resources.
3. The term "permanent establishment" shall also include:
  - (a) a building site or construction or installation project and supervisory activities in connection therewith, but only if such site, project or activities last more than six months; and
  - (b) the furnishing of services, including consulting services, by an enterprise of a Contracting State through employees or other individuals engaged by the enterprise for such purposes in the other Contracting State, but only where such activities continue (for the same or a connected project) within that State for a period or periods aggregating more than 183 days within any twelve month period.

For the purposes of computing the time period or periods in this paragraph, the duration of activities carried on by an enterprise shall include activities carried on by associated enterprises, within the meaning of Article 9, if the activities between the associated enterprises are connected.