

- (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of one of the Contracting States and an enterprise of the other Contracting State; and
- (c) in either case conditions are operative between the two enterprises in their commercial or financial relations which differ from those which might be expected to operate between independent enterprises dealing at arm's length with one another,

then, if by reason of those circumstances profits which might be expected to accrue to one of the enterprises do not accrue to that enterprise, there may be included in the profits of that enterprise the profits which might have been expected to accrue to it if it were an independent enterprise engaged in the same or similar activities and its dealings with the other enterprise were dealings at arm's length with that enterprise or an independent enterprise.

2. Profits included in the profits of an enterprise of one of the Contracting States under paragraph (1) of this Article shall be deemed to be income of that enterprise derived from sources in that Contracting State and shall be taxed accordingly.

3. If the information available to the taxation authority of a Contracting State is inadequate to determine, for the purposes of paragraph (1) of this Article, the profits which might have been expected to accrue to an enterprise, nothing in this Article shall affect the application of any law of that Contracting State in relation to the liability of that enterprise to pay tax on an amount determined by the exercise of a discretion or the making of an estimate by the taxation authority of that Contracting State: Provided that the discretion shall be exercised or the estimate shall be made, so far as the information available to the taxation authority permits, in accordance with the principle stated in this Article.

ARTICLE V.

Profits which a resident of one of the Contracting States derives from operating ships whose port of registry is in that Contracting State, or aircraft registered in that Contracting State, shall be exempt from tax in the other Contracting State.

ARTICLE VI.

1. A dividend paid by a company which is a Canadian resident to a person who is not a resident of Australia shall be exempt from Australian tax.

2. A dividend paid by a company which is an Australian resident to a person who is not resident in Canada shall be exempt from Canadian tax.

ARTICLE VII.

1. The amount of Australian tax on a dividend paid by a company which is a resident of Australia to a Canadian resident who is liable for Canadian tax and is not engaged in trade or business in Australia through a permanent establishment in Australia shall not exceed 15 per centum of the dividend.

2. The rate of Canadian tax on a dividend derived from sources within Canada by an Australian resident who is liable for Australian tax and is not engaged in trade or business in Canada through a permanent establishment in Canada shall not exceed 15 per centum.