

payable in Finland on profits, income or gains arising in Finland shall be deducted from any Canadian tax payable in respect of such profits, income or gains.

- b) Subject to the existing provisions of the law of Canada regarding the determination of the exempt surplus of a foreign affiliate and to any subsequent modification of those provisions - which shall not affect the general principle hereof - for the purpose of computing Canadian tax, a company resident in Canada shall be allowed to deduct in computing its taxable income any dividend received by it out of the exempt surplus of a foreign affiliate resident in Finland.

2. In the case of Finland, double taxation shall be eliminated as follows:

- a) Where a resident of Finland derives income which, in accordance with the provisions of this Convention, may be taxed in Canada, Finland shall, subject to the provisions of subparagraph (b), allow as a deduction from the taxes on income of that person, an amount equal to the taxes on income paid in Canada. The deduction shall not, however, exceed that part of the tax on income, as computed before the deduction is given, which is attributable to the income which may be taxed in Canada.
- b) Notwithstanding the provisions of subparagraph (a), dividends paid by a company which is a resident of Canada to a company which is a resident of Finland and controls directly at least 10 per cent of the voting power in the company paying the dividends shall be exempt from Finnish tax.