

- a) by the laws of a Contracting State in the determination of the tax imposed by that State; or
  - b) by any other agreement entered into by a Contracting State.
2. Nothing in the Convention shall be construed as preventing a Contracting State from imposing a tax on amounts included in the income of a resident of that State with respect to a partnership, trust, or controlled foreign affiliate, in which the resident has an interest.
3. The Convention shall not apply to any company, trust or partnership that is a resident of a Contracting State and is beneficially owned or controlled directly or indirectly by one or more persons who are not residents of that State, if the amount of the tax imposed on the income or capital of the company, trust or partnership by that State is substantially lower than the amount that would be imposed by the State if all of the shares of the capital stock of the company or all of the interests in the trust or partnership, as the case may be, were beneficially owned by one or more individuals who were residents of that State.

## VI. FINAL PROVISIONS

### Article 28

#### Entry Into Force

1. This Convention shall enter into force on the date on which the Contracting States exchange notes through diplomatic channels notifying each other that the last of such things has been done as is necessary to make the Convention applicable in Canada and in Mexico, as the case may be, and thereupon the Convention shall have effect:
- a) in respect of tax withheld at the source on amounts paid or credited to non-residents on or after the first day of January in the calendar year in which the Convention enters into force; and
  - b) in respect of other tax for taxation years beginning on or after the first day of January in the calendar year in which the Convention enters into force.
2. The existing agreement between Canada and the United Mexican States for the avoidance of double taxation of income derived from the operation of ships or aircraft in international traffic concluded by exchange of notes at Mexico City on January 29, 1974, shall terminate upon the entry into force of the Convention. However, the provisions of the said agreement shall continue in effect until the provisions of the Convention, in accordance with the provisions of paragraph 1, shall have effect.