



SUPPLEMENTARY CONVENTION MODIFYING THE CONVENTION BETWEEN CANADA AND THE KINGDOM OF THE NETHERLANDS FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION IN RESPECT OF TAXES ON INCOME, SIGNED AT OTTAWA ON APRIL 2, 1957*

The Government of Canada and the Government of the Kingdom of the Netherlands, desiring to conclude a Supplementary Convention, modifying the Convention between Canada and the Kingdom of the Netherlands for the avoidance of double taxation and the prevention of fiscal evasion in respect of taxes on income, signed at Ottawa on April 2, 1957*, agree as follows:

ARTICLE I

The provisions of the above-mentioned Convention of April 2, 1957, are hereby modified as follows:

- (a) By deleting the following words which appear in Article VII, paragraph 2 and Article VIII, paragraph 2:

"In case either of the States introduces into its law for the tax mentioned a rate exceeding 15 per cent, such State may terminate the limitation of the rate of tax to 15 per cent by giving written notice of termination to the other State through diplomatic channels on or before the thirtieth day of June in any year after the year in which this Convention comes into force. In such event, this limitation shall cease to be effective on and after the first day of January in the year next following that in which such notice is given".

- (b) By deleting paragraph 3 of Article VII and replacing it with the following three paragraphs:

"3. Notwithstanding the second paragraph of this article the rate of tax shall not exceed 2½ per cent if the dividends are paid by a company which is a resident of one of the States to a company which is a resident of the other State, provided that during the whole of the taxation year the latter company owns all of the voting stock of the former company (except directors' qualifying shares), either alone or in association with not more than three other companies which are residents of that other State, but each of these companies must own at least 10 per cent of the voting stock of the former company.

4. Notwithstanding the third paragraph of this article none of the States shall levy a tax by way of deduction at the source on dividends paid by a company which is a resident of that State to a company which is a resident of the other State provided that

- (a) all of the gross income of the former company is derived from dividends or interest received from companies which are not residents of that State, for the three year period ending with the close of the taxation year of the former company preceding the payment of such dividends or for such part of such period as may be applicable, and
- (b) the condition mentioned in paragraph 3 has been fulfilled.

* Canada Treaty Series 1957, No. 30.