

tion or training receives for the purpose of his maintenance, education or training shall not be taxed in that first-mentioned State, provided that such payments are made to him from sources outside that State.

#### ARTICLE XXI

##### *Income not Expressly Mentioned*

Items of income of a resident of a Contracting State which are not expressly mentioned in the foregoing Articles of this Convention shall be taxable only in that Contracting State except that, if such income is derived from sources within the other Contracting State, it may also be taxed in accordance with the law of that other State.

#### ARTICLE XXII

##### *Methods for Prevention of Double Taxation*

1. In the case of Canada, double taxation shall be avoided as follows:

- (a) Subject to the existing provisions of the laws of Canada regarding the deduction from tax payable in Canada of tax paid in a territory outside Canada and to any subsequent modification of those provisions (which shall not affect the general principle hereof), and unless a greater deduction or relief is provided under the laws of Canada, tax payable under the laws of the Philippines on profits, income or gains arising in the Philippines shall be deducted from any Canadian tax payable in respect of such profits, income or gains.
- (b) Subject to the existing provisions of the laws 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 the Philippines.

2. Subject to the existing provisions of the laws of the Philippines regarding the deduction from tax payable in the Philippines of tax paid outside the Philippines and to subsequent modifications of those provisions (which shall not affect the general principle hereof) tax payable under the laws of Canada on profits, income or gains arising in Canada shall be deducted from any Philippine tax payable in respect of such profits, income or gains. The deduction shall not, however, exceed that part of the Philippine income tax, as computed before the deduction is given, which is appropriate to the income which may be taxed in Canada.