

**ARTICLE 23****ELIMINATION OF DOUBLE TAXATION**

1. In the case of Canada, double taxation shall be avoided as follows:
  - a) subject to the provisions of the law 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 in Slovakia on profits, income or gains arising in Slovakia shall be deducted from any Canadian tax payable in respect of such profits, income or gains;
  - b) subject to the provisions of the law of Canada regarding the allowance as a credit against Canadian tax of tax payable in a territory outside Canada and to any subsequent modification of those provisions -- which shall not affect the general principle hereof -- where a company which is a resident of Slovakia pays a dividend to a company which is a resident of Canada and which controls directly or indirectly at least 10 per cent of the voting power in the first-mentioned company, the credit shall take into account the tax payable in Slovakia by that first-mentioned company in respect of the profits out of which such dividend is paid;
  - c) where in accordance with any provision of the Agreement income derived or capital owned by a resident of Canada is exempt from tax in Canada, Canada may nevertheless, in calculating the amount of tax on other income or capital, take into account the exempted income or capital.
2. In the case of Slovakia, double taxation shall be avoided as follows:
  - a) Slovakia, when imposing taxes on its residents, may include in the tax base upon which taxes are imposed the items of income or capital which according to the provisions of this Agreement may also be taxed in Canada, but shall allow as a deduction from the amount of tax computed on such a base an amount equal to the tax paid in Canada. Such deduction shall not, however, exceed that part of the Slovak tax, as computed before the deduction is given, which is appropriate to the income or capital which, in accordance with the provisions of this Agreement, may be taxed in Canada;
  - b) subject to the provisions of the law of Slovakia regarding the allowance as a credit against Slovak tax of tax payable in a territory outside Slovakia and to any subsequent modification of those provisions -- which shall not affect the general principle hereof -- where a company which is a resident of Canada pays a dividend to a company which is a resident of Slovakia and which controls directly or indirectly at least 10 per cent of the voting power in the first-mentioned company, the credit shall take into account the tax payable in Canada by that first-mentioned company in respect of the profits out of which such dividend is paid;
  - c) where in accordance with any provision of the Agreement income derived or capital owned by a resident of Slovakia is exempt from tax in Slovakia, Slovakia may nevertheless, in calculating the amount of tax on the remaining income or capital, take into account the exempted income or capital.
3. For the purposes of this Article, profits, income or gains of a resident of a Contracting State that may be taxed in the other Contracting State in accordance with this Agreement shall be deemed to arise from sources in that other State.