

time limits provided in its national laws and, in any case, after five years from the end of the year in which the profits which would be subject to such change would have accrued to an enterprise of that State. This paragraph shall not apply in the case of fraud, wilful default or neglect.

ARTICLE X

Dividends

1. Dividends paid by a company which is a resident of Canada to a resident of the Philippines may be taxed in the Philippines. However, such dividends may also be taxed in Canada, but where the beneficial owner of the dividends is a resident of the Philippines, the tax so charged shall not exceed 15 per cent of the gross amount of the dividends.

2. Dividends paid by a company which is a resident of the Philippines to a resident of Canada may be taxed in Canada. However, such dividends may also be taxed in the Philippines, but where the beneficial owner of the dividends is a resident of Canada the tax so charged shall not exceed:

- (a) 15 per cent of the gross amount of any dividend paid to a company which is a resident of Canada which controls at least 10 per cent of the voting power of the company paying the dividend; or
- (b) 25 per cent of the gross amount of the dividends in all other cases.

3. The provisions of paragraphs 1 and 2 shall not affect the taxation of the company on the profits out of which the dividends are paid.

4. The term "dividends" as used in this Article means income from shares, "jouissance" shares or "jouissance" rights, mining shares, founders' shares or other rights, not being debt-claims, participating in profits, as well as income assimilated to income from shares by the taxation law of the State of which the company making the distribution is a resident.

5. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the dividends, being a resident of a Contracting State, carries on in the other Contracting State of which the company paying the dividends is a resident, a trade or business through a permanent establishment situated therein, or performs in that other State professional services from a fixed base situated therein, and the holding by virtue of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such a case, the provisions of Article VII or Article XIV, as the case may be, shall apply.