

calculating the taxes on the remaining income of that person, apply the rate of tax which would have been applicable if the exempted income had not been so exempted.

- (b) In the case of income covered by Articles X, XI and XII above, Morocco may, in accordance with the provisions of its domestic law, include such income in the bases of the taxes covered by Article II; however, Morocco shall allow against the amount of the taxes on such income and only to the extent of that amount, a deduction equal to the amount of the taxes levied by Canada.

3. For the purposes of this Article, profits, income or gains of a resident of a Contracting State which are taxed in the other Contracting State in accordance with this Convention shall be deemed to arise from sources in that other State.

4. For the purposes of paragraph 1(a), Moroccan tax payable in accordance with the tax laws of Morocco by a company which is a resident of Canada:

- (a) in respect of profits attributable to an industrial or commercial business carried on by it in Morocco shall include any amount which would have been payable as Moroccan tax for any year but for an exemption from, or reduction of, tax granted for the year or any part thereof under:

- (i) any of the following provisions:

Royal Decree on Law no. 1-73-413 of 13 Rejeb 1393 (August 13, 1973) establishing incentives for industrial investments;

Royal Decree on Law no. 1-73-409 of 13 Rejeb 1393 (August 13, 1973) establishing incentives for investments in handicrafts;

Royal Decree on Law no. 1-73-408 of 13 Rejeb 1393 (August 13, 1973) establishing incentives for industrial investments and investments in handicrafts;

Royal Decree on Law no. 1-73-410 of 13 Rejeb 1393 (August 13, 1973) establishing incentives for maritime investments;

Royal Decree on Law no. 1-73-411 of 13 Rejeb 1393 (August 13, 1973) establishing incentives for touristic investments;

Royal Decree on Law no. 1-73-412 of 13 Rejeb 1393 (August 13, 1973) establishing incentives for mining investments;

so far as they were in force on, and have not been modified since, the date of signature of this Convention, or have been modified only in minor respects so as not to affect their general character; and except to the extent that any of the said provisions has the effect of exempting or relieving a source of income for a period in excess of ten years;

- (ii) any other provision which may subsequently be made granting an exemption or reduction of tax which is agreed by the competent authorities of the Contracting States to be of a substantially similar character, if it has not been modified thereafter or has been modified only in minor respects so as not to affect its general character;

- (b) in respect of interest arising in Morocco, shall include any amount which would have been payable as Moroccan tax in accordance with paragraph (2)