

- (b) to a non-profit organization no part of the income of which was payable to, or was otherwise available for the personal benefit of, any proprietor, member or shareholder thereof; or
- (c) to an entertainer or athlete in respect of services provided to an organization referred to in subparagraph (b).

ARTICLE 18

Pensions and Annuities

1. Pensions arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State. However, such pensions may also be taxed in the first-mentioned Contracting State but only to the extent that the total amount thereof paid in any taxation year to a resident of the other Contracting State exceeds ten thousand Canadian dollars (\$10,000) or its equivalent in Cyprus pounds. However, in the case of periodic pension payments, the tax so charged shall not exceed the lesser of

- (a) 15 per cent of the gross amount of the payment, and
- (b) the rate determined by reference to the amount of tax that the recipient of the payment would otherwise be required to pay for the year on the total amount of the periodic pension payments received by him in the year, if he were resident in the Contracting State in which the payment arises.

The competent authorities of the Contracting States may, if necessary, agree to modify the above-mentioned amount as a result of monetary or economic developments.

2. Annuities arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

3. Annuities arising in a Contracting State and paid to a resident of the other Contracting State may also be taxed in the State in which they arise, and according to the law of that State; but the tax so charged shall not exceed 15 per cent of the portion thereof that is subject to tax in that state. However, this limitation does not apply to lump-sum payments arising on the surrender, cancellation, redemption, sale or other alienation of an annuity, or to payments of any kind under a income-averaging annuity contract.

4. Notwithstanding anything in this Convention, pensions paid by, or out of funds created by, Cyprus or a political subdivision or a local authority thereof to an individual in respect of services rendered to Cyprus or subdivision or authority shall be taxable only in Cyprus.

5. Notwithstanding anything in this Convention:

- (a) social security pensions, pensions and allowances in respect of military service and any other compensation for an injury or damage sustained as a result of hostilities or past political persecution arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in the first-mentioned State;