

- (b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State, and
- (c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.

3. Notwithstanding the preceding provisions of this Article, remuneration in respect of an employment exercised aboard a ship or aircraft operated in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

#### ARTICLE XVI

##### *Directors' Fees*

Directors' fees and other similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors of a company which is a resident of the other Contracting State may be taxed in that other State.

#### ARTICLE XVII

##### *Artistes and Athletes*

1. Notwithstanding the provisions of Articles XIV and XV, income derived by entertainers, such as theatre, motion picture, radio or television artistes, and musicians, and by athletes, from their personal activities as such may be taxed in the Contracting State in which these activities are exercised.

2. Where income in respect of personal activities as such of an entertainer or athlete accrues not to that entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of Articles VII, XIV and XV, be taxed in the Contracting State in which the activities of the entertainer or athlete are exercised.

3. The provisions of paragraph 2 shall not apply if it is established that neither the entertainer or the athlete nor persons related thereto, participate directly or indirectly in the profits of the person referred to in that paragraph.

#### ARTICLE XVIII

##### *Pensions*

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 or twelve million Italian liras, whichever is the greater. However, the tax so charged shall not exceed the lesser of

- (a) 15 per cent of the gross amount of the periodic payment, and