

ARTICLE XVIII

Pensions and Annuities

1. Pensions and annuities arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in the Contracting State in which they arise. However, in the case of periodic pension payments, the total tax so charged shall not exceed 30 per cent of the amount by which the total of such payments made in any taxable period to a resident of that other State exceeds five thousand Canadian dollars (\$5,000) or its equivalent in Philippine pesos or such other amount as may be specified and agreed in letters exchanged between the competent authorities of the Contracting States.

2. In this article, the term "annuities" means stated sums payable periodically at stated times, during life or during a specified or ascertainable period of time, under an obligation to make payments in return for adequate and full consideration in money or money's worth.

ARTICLE XIX

Government Service

1.

- (a) Remuneration, other than a pension, paid by a Contracting State or a political subdivision or a local authority thereof to any individual in respect of services rendered to that State or subdivision or local authority thereof shall be taxable only in that State.
- (b) However, such remuneration shall be taxable only in the Contracting State of which the recipient is a resident if the services are rendered in that State and the recipient did not become a resident of that State solely for the purpose of performing the services.

2. The provisions of paragraph 1 shall not apply to remuneration in respect of services rendered in connection with any trade or business carried on by one of the Contracting States or a political subdivision or a local authority thereof.

ARTICLE XX

Students

Payments which a student, apprentice or business trainee who is or was immediately before visiting one of the Contracting States, a resident of the other Contracting State and who is present in the first-mentioned Contracting State solely for the purpose of his educa-