

ARTICLE X

Paragraph 3 of Article 18 of the Convention shall be deleted.

ARTICLE XI

Paragraph 2 of Article 21 of the Convention shall be deleted and replaced by the following:

“2. Subject to the provisions of the law of the United Kingdom regarding the allowance as a credit against United Kingdom tax of tax payable in a territory outside the United Kingdom or, as the case may be, regarding the exemption from United Kingdom tax of a dividend arising in a territory outside the United Kingdom or of the profits of a permanent establishment situated in a territory outside the United Kingdom (which shall not affect the general principle of this Article):

- (a) Canadian tax payable under the laws of Canada and in accordance with this Convention, whether directly or by deduction, on profits, income or chargeable gains from sources within Canada (excluding in the case of a dividend tax payable in respect of the profits out of which the dividend is paid) shall be allowed as a credit against any United Kingdom tax computed by reference to the same profits, income or chargeable gains by reference to which the Canadian tax is computed;
- (b) a dividend which is paid by a company which is a resident of Canada to a company which is a resident of the United Kingdom shall be exempted from United Kingdom tax, when the exemption is applicable and the conditions for exemption under the law of the United Kingdom are met;
- (c) the profits of a permanent establishment in Canada of a company which is a resident of the United Kingdom shall be exempted from United Kingdom tax when the exemption is applicable and the conditions for exemption under the law of the United Kingdom are met;
- (d) in the case of a dividend not exempted from tax under subparagraph (b) which is paid by a company which is a resident of Canada to a company which is a resident of the United Kingdom and which controls directly or indirectly at least 10 per cent of the voting power in the company paying the dividend, the credit mentioned in subparagraph (a) shall also take into account the Canadian tax payable by the company in respect of its profits out of which such dividend is paid.”