

Article V

Paragraphs 4 and 5 of Article 22 of the Convention shall be deleted and replaced by the following:

"4. Notwithstanding the provisions of paragraph 2, the Netherlands shall allow a deduction from the Netherlands tax for the tax paid in Canada on items of income which according to Article 7, paragraph 5 of Article 10, paragraph 6 of Article 11, paragraph 5 of Article 12 and Article 14 of this Convention may be taxed in Canada to the extent that these items are included in the basis referred to in paragraph 1, if and insofar as the Netherlands under the provisions of the Netherlands law for the avoidance of double taxation allows a deduction from the Netherlands tax of the tax levied in another country on such items of income. For the computation of this deduction the provisions of paragraph 3 shall apply accordingly.

5. In the case of Canada, double taxation shall be avoided as follows:
 - (a) subject to the existing provisions of the law of Canada regarding the deduction from tax payable in Canada of tax paid in a territory outside Canada and to any subsequent modification of those provisions - which shall not affect the general principle hereof - and unless a greater deduction or relief is provided under the laws of Canada, tax payable in the Netherlands on profits, income or gains arising in the Netherlands shall be deducted from any Canadian tax payable in respect of such profits, income or gains; and
 - (b) where, in accordance with any provision of the Convention, income derived by a resident of Canada is exempt from tax in Canada, Canada may nevertheless, in calculating the amount of tax on other income take into account the exempted income.

6. For the purposes of paragraph 5
 - (a) profits, income or gains of a resident of Canada which may be taxed in the Netherlands in accordance with the Convention shall be deemed