

- (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.
2. In the case of Italy, double taxation shall be avoided as follows:
- Where a resident of Italy derives items of income which may be taxed in Canada, Italy may, in computing its own income taxes referred to in Article 2 of this Convention, include such items of income in the tax base unless otherwise expressly provided by this Convention.
- In such case, Italy shall allow as a deduction from the tax so computed the income taxes paid in Canada but the deduction shall not exceed the proportion Italian tax attributable to such items of income that such items bear to the entire income.
- No deduction will, however, be allowed in cases where, at the request of the recipient and in accordance with Italian laws, the item of income is subjected to tax in Italy by way of a final withholding.
3. For the purposes of this Article, profits, income or gains of a resident of a Contracting State which may be taxed in the other Contracting State in accordance with this Convention shall be deemed to arise from sources in that other State.

## ARTICLE 23

### Non-Discrimination

1. Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected.
- In particular, the nationals of a Contracting State who are subject to tax in the other Contracting State shall be granted the same exemptions, basic abatements, deductions and reductions for taxation purposes on account of family responsibilities which are granted to nationals of the other Contracting State in the same circumstances.