

2. Where income in respect of personal activities exercised by an entertainer or a sportsperson in that individual's capacity as such accrues not to the entertainer or sportsperson personally but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the Contracting State in which the activities of the entertainer or sportsperson are exercised.

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

## ARTICLE 18

### 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.

2. However, such pensions may also be taxed in the Contracting State in which they arise and according to the laws of that State but, in the case of periodic pension payments, the tax so charged shall not exceed the lesser of

- (a) 15 per cent of the gross amount of such periodic pension payments paid to the recipient in the calendar year concerned that exceeds twelve thousand Canadian dollars or its equivalent in Italian currency, and
- (b) the rate determined by reference to the amount of tax that the recipient of the payment would otherwise be required to pay for the year on the total amount of the periodic pension payments received by the resident in the year, if the recipient were resident in the Contracting State in which the payment arises.

3. Notwithstanding any provision of this Convention:

- (a) pensions paid by, or out of funds created by, the Italian State or a political or administrative subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in Italy;