

ARTICLE XIX

Pensions and Annuities

1. Any pension or annuity arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. Any pension arising in a Contracting State and paid to a resident of the other Contracting State may also be taxed in the State in which it arises, and according to the law of that State. However, in the case of a periodic pension payment, the tax so charged shall not exceed the rate determined by reference to the amount of tax that the recipient of such payment would otherwise be required to pay for the year on the total amount of such payments received by him in the year, if he were resident of the Contracting State in which the payment arises.

3. Any annuity arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in the State in which it arises, and according to the law of that State; but the tax so charged shall not exceed 15 per cent of the gross amount of the taxable portion of the annuity. However, this limitation does not apply to lump-sum payments arising on the surrender, cancellation, redemption, sale or other alienation of an annuity, or to payments of any kind under an income-averaging annuity contract.

4. Notwithstanding anything in this Agreement:

(a) pensions and allowances received from Canada under the Pension Act, the Civilian War Pensions and Allowances Act or the War Veterans Allowances Act and compensation received under regulations made under section 7 of the Aeronautics Act shall not be taxable in Jamaica so long as they are not subject to Canadian tax;

(b) pensions and allowances received from Jamaica under

(i) any enactment providing for the payment from the Consolidated Fund of a pension, retiring allowance or other similar award;

(ii) the Pensions (Parochial Officers) Act;

(iii) any other enactment or statutory instruments declared by the Minister by order to be a pensions law for the purposes of section 26 of the Income Tax Act,

shall not be taxable in Canada so long as they are not subject to Jamaican tax.

5. In this Article, the term "annuity" means a stated sum 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.