

**PROTOCOL**  
**TO THE TAX CONVENTION BETWEEN THE GOVERNMENT OF CANADA**  
**AND THE GOVERNMENT OF THE REPUBLIC OF HUNGARY**  
**SIGNED ON APRIL 15, 1992** <sup>(1)</sup>

The Government of Canada and the Government of the Republic of Hungary, desiring to conclude a Protocol modifying the Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital, signed at Budapest on April 15, 1992 (hereinafter referred to as "the Convention"), have agreed as follows:

**Article 1**

1. Paragraph 2 of Article 10 of the Convention shall be deleted and replaced by the following:

"2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the laws of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed:

- (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which controls directly or indirectly at least 25 per cent of the voting power in the company paying the dividends;
- (b) notwithstanding sub-paragraph (a), 10 per cent of the gross amount of the dividends if the dividends are paid by a company that is a resident of Canada and a non-resident owned investment corporation to a company that is a resident of the Republic of Hungary that controls directly or indirectly at least 25 per cent of the voting power in the company paying the dividends and is the beneficial owner of such dividends; and

(1) Canada Treaty Series 1994 No. 15