

clause (d) of this paragraph, interest taxable in accordance with paragraph 2 or 7 of Article XI, royalties taxable in accordance with paragraph 2 or 7 of Article XII and income from an estate or a trust taxable in accordance with paragraph 1 of Article XXI, the fixed proportion in respect of the foreign tax for which provision is made under Belgian law shall, under the conditions and at the rate provided for by such law, be allowed as a credit against Belgian tax relating to such income.

- (c) When a resident of Belgium derives income to which the provisions of paragraph 3 or 5 of Article XIII or the provisions of Article XXII apply and which has been taxed in Canada, the amount of Belgian tax proportionately attributable to such income shall not exceed the amount which would be charged according to Belgian law if such income were taxed as earned income derived from sources outside Belgium and subject to foreign tax.
- (d) When a company which is a resident of Belgium owns shares or other rights in a company with share capital which is a resident of Canada and which is subject to Canadian tax on its profits, the dividends which are paid to it by the latter company and which may be taxed in Canada in accordance with paragraph 2 of Article X shall be exempt from the corporate income tax in Belgium to the extent that exemption would have been accorded if the two companies had been residents of Belgium.
- (e) When, in accordance with Belgian law, losses of an enterprise carried on by a resident of Belgium which are attributable to a permanent establishment situated in Canada have been effectively deducted from the profits of that enterprise for its taxation in Belgium, the exemption provided in clause (a) shall not apply in Belgium to the profits of other taxable periods attributable to that permanent establishment to the extent that those profits have also been exempted from tax in Canada by reason of compensation for the said losses.

2. 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, however, shall not affect the principle hereof) and unless a greater deduction or relief is provided for under the law of Canada, Belgian tax payable under the law of Belgium and in accordance with this Convention on profits, income or gains arising in Belgium shall be deducted from any Canadian tax payable in respect of such profits, income or gains.
- (b) Subject to the existing provisions of the law of Canada regarding the determination of the exempt surplus of a for-