

of the States) forming part of a substantial interest in the capital stock of a company that is a resident of the other State, the value of which shares is derived principally from immovable property situated in the other State, or

- (b) a substantial interest in a partnership, trust or estate that was established under the law in the other State, or a controlling interest in a partnership or trust that was not established under the law in the other State, the value of which in either case is derived principally from immovable property situated in the other State,

may be taxed in that other State. For the purposes of this paragraph, the term "immovable property" includes the shares of a company the value of which shares is derived principally from immovable property or a substantial interest in a partnership, trust or estate referred to in sub-paragraph (b), but does not include property (other than rental property) in which the business of the company, partnership, trust or estate is carried on; a substantial interest exists when the resident and persons related thereto own 10% or more of the shares of any class of the capital stock of a company or have an interest of 10% or more in a partnership, trust or estate; and a controlling interest exists when the resident and persons related thereto have an interest of 50 per cent or more in a partnership, trust or estate."

#### *Article IV*

Paragraph 3 of Article 18 of the Convention shall be deleted and replaced by the following:

"3. Benefits under the Old Age Security Act of Canada and war pensions allowances (including pensions and allowances paid to war veterans or paid as a consequence of a war) arising in Canada and paid to a resident of the Netherlands may be taxed in Canada in accordance with the law of Canada."