

SUPPLEMENTARY CONVENTION BETWEEN CANADA AND THE UNITED STATES OF AMERICA FURTHER MODIFYING AND SUPPLEMENTING THE CONVENTION AND ACCOMPANYING PROTOCOL OF MARCH 4, 1942, FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION IN THE CASE OF INCOME TAXES AS MODIFIED BY THE SUPPLEMENTARY CONVENTION OF JUNE 12, 1950, AND THE SUPPLEMENTARY CONVENTION OF AUGUST 8, 1956.

The Government of Canada and the Government of the United States of America, desiring to further modify and supplement in certain respects the Convention and accompanying Protocol for the avoidance of double taxation and the prevention of fiscal evasion in the case of income taxes signed at Washington on March 4, 1942,⁽¹⁾ as modified by the Supplementary Convention of June 12, 1950,⁽²⁾ and the Supplementary Convention of August 8, 1956,⁽³⁾ have decided to conclude a Supplementary Convention for that purpose and have agreed as follows:

ARTICLE I.

The provisions of the Convention and Protocol between Canada and the United States of America, signed at Washington on March 4, 1942, as modified by the Supplementary Convention of June 12, 1950, and the Supplementary Convention of August 8, 1956, are hereby further modified by adding to Article XI thereof the following new paragraph:

"6. Paragraph 1 of this Article shall not apply in respect of income derived from sources in one of the Contracting States and paid to a corporation organized under the laws of the other Contracting State if such corporation is not subject to tax by the last-mentioned Contracting State on that income because it is not a resident of the last-mentioned Contracting State for purposes of its income tax."

ARTICLE II.

1. This Supplementary Convention is done in the English and French languages, each version being equally authentic. It shall be ratified and the instruments of ratification shall be exchanged at Ottawa as soon as possible.

2. This Supplementary Convention shall come into force on the date on which instruments of ratification are exchanged and shall thereupon have effect with respect to income paid on or after (a) January 1, 1967, or (b) the date on which the instruments of ratification are exchanged, whichever is the later. It shall continue in force indefinitely as though it were an integral part of the Convention of March 4, 1942, as modified by the Supplementary Convention of June 12, 1950, and the Supplementary Convention of August 8, 1956.

IN WITNESS WHEREOF the undersigned, duly authorized thereto, have signed this Supplementary Convention.

DONE in duplicate, in the English and French languages, at Washington this 25th day of October, 1966.

For the Government of Canada
A. E. RITCHIE

For the Government of the United States of America
NICHOLAS DE B. KATZENBACH

(1) Canada Treaty Series 1942 No. 2.

(2) Canada Treaty Series 1951 No. 22.

(3) Canada Treaty Series 1957 No. 22.