

The foregoing provisions of this paragraph shall also apply to dividends on shares which are paid to a company which is a resident of the Federal Republic of Germany by a company which is a resident of Canada if at least 10 per cent of the capital of the Canadian company is held directly by the German company. There shall also be excluded from the basis upon which German tax is imposed any participation the dividends of which are excluded or, if paid, would be excluded, according to the immediately foregoing sentence from the basis upon which German tax is imposed.

- (b) There shall be allowed as a credit against German tax on income, subject to the provisions of German tax law regarding credit for foreign tax, the Canadian tax (including taxes on income paid to any political subdivision or local authority in Canada) paid in accordance with the provisions of this Agreement referred to below on the following items of income:
 - (aa) dividends within the meaning of Article 10 which are not dealt with in subparagraph (a) above;
 - (bb) interest within the meaning of Article 11 and royalties within the meaning of Article 12;
 - (cc) gains from the alienation of property taxable in Canada by reason only of Article 13, paragraph 4 and subparagraph (a) of paragraph 7;
 - (dd) income within the meaning of Article 15, paragraph 3 and Articles 16 and 17;
 - (ee) pensions and annuities within the meaning of Article 18, paragraphs 1 and 2 and subparagraph (c) of paragraph 3;
 - (ff) income taxable in Canada by reason only of Article 21.
- (c) Instead of the provisions of subparagraph (a), the provisions of subparagraph (b) shall apply to income within the meaning of Articles 7 and 10 and to items of capital underlying such income unless the resident of the Federal Republic of Germany proves that the gross receipts of the permanent establishment in the business year in which the profit was realised, or the gross receipts of the company resident in Canada in the business year for which the dividend was distributed, derive exclusively or almost exclusively from activities coming under Section 8 paragraph 1 subparagraphs 1 to 6 of the German Law on External Tax Relations ("Aussensteuergesetz") or from participations coming under Section 8 paragraph 2 of that Law; the same shall apply to immovable property forming part of the business property of a permanent establishment (paragraph 4 of Article 6) and to gains from the alienation of such immovable property (paragraph 1 of Article 13) and of movable property forming part of the business property of the permanent establishment (paragraph 2 of Article 13).