

- (b) in the case of an interest in a partnership or trust, where immediately before the alienation of the interest, the alienator was entitled to, or the alienator and any persons related to or connected with him were entitled to, an interest of less than 10 per cent of the income and capital of the partnership or trust.

7. For the purposes of paragraph 5 of this Article:

- (a) the term “an approved stock exchange” means a stock exchange prescribed for the purposes of the Canadian Income Tax Act or a recognized stock exchange within the meaning of the United Kingdom Corporation Tax Acts; and
- (b) the term “immovable property” does not include any property (other than rental property) in which the business of the company, partnership or trust was carried on.

8. Gains from the alienation of any property, other than that referred to in paragraphs 1, 2, 3, 4 and 5 of this Article shall be taxable only in the Contracting State of which the alienator is a resident.

9. The provisions of paragraph 8 of this Article shall not affect the right of a Contracting State to tax, according to its domestic law, gains derived by an individual who is a resident of the other Contracting State from the alienation of any property, if the alienator:

- (a) is a national of the first-mentioned Contracting State or was a resident of that State for 15 years or more prior to the alienation of the property, and
- (b) was a resident of the first-mentioned Contracting States at any time during the five years immediately preceding such alienation.”

## ARTICLE VI

Article 17 of the Convention shall be deleted and replaced by the following:

### ARTICLE 17

#### *Pensions and Annuities*

1. Pensions arising in a Contracting State and paid to a resident of the other Contracting State who is the beneficial owner thereof shall be taxable only in that other State.

2. Annuities arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State. However, such annuities may also be taxed in the Contracting States in which they arise and according to the laws of that State, but if the recipient is the beneficial owner of the annuities the tax so charged shall not exceed 10 per cent of the portion thereof that is subject to tax in that State.

3. For the purposes of this Convention, the term “pension” includes any payment under a superannuation, pension or retirement plan, Armed Forces