

ARTICLE IX

Associated Enterprises

Where

- (a) an enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State, or
- (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State,

and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

ARTICLE X

Dividends

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in both Contracting States.

2. Where a company which is a resident of Pakistan pays dividends to a company which is a resident of Canada and which owns 25 per cent or more of the share capital of the first-mentioned company, the tax charged in Pakistan on such dividends shall not exceed

- (a) 15 per cent of the gross amount of the dividends where the first-mentioned company is engaged in an industrial undertaking; and
- (b) 20 per cent of the gross amount of the dividends in all other cases.

3. Where a company which is a resident of Canada pays dividends to a resident of Pakistan who is the beneficial owner thereof, the tax charged in Canada on such dividends shall not exceed 15 per cent of their gross amount.

4.

- (a) The term "dividends" as used in this Article means income from shares, "jouissance" shares or "jouissance" rights, mining shares, founders' shares or other rights, not being debt-claims, participating in profits, as well as income assimilated to income from shares by the taxation law of the State of which the company making the distribution is a resident.