

ARTICLE 2

1. Paragraph 2 of Article 10 of the Convention shall be deleted and replaced by the following:

“2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the laws of that State, but if the recipient is the beneficial owner of the dividends, the tax so charged shall not exceed:

- (a) ten per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 10 per cent of the voting power of the company paying the dividends;
- (b) fifteen per cent of the gross amount of the dividends in all other cases.

This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.”

2. Paragraph 7 of Article 10 of the Convention shall be deleted and replaced by the following:

“7. Notwithstanding any provision of this Convention:

- (a) a company which is a resident of France and which has a permanent establishment in Canada shall, in accordance with the provisions of Canadian law, remain subject to the additional tax on companies other than Canadian corporations, but the rate of such tax shall not exceed 10 per cent;
- (b) a company which is a resident of Canada and which has a permanent establishment in France shall remain subject to the withholding tax in accordance with the provisions of French law, but the rate of such tax shall not exceed 10 per cent.”

ARTICLE 3

1. Paragraph 2 of Article 11 of the Convention shall be deleted and replaced by the following:

“2. However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the recipient is the beneficial owner of the interest the tax so charged shall not exceed 10 per cent of the gross amount of the interest.”

2. Subparagraph (c) of paragraph 4 of Article 11 of the Convention shall be deleted and replaced by the following:

“(c) interest arising in Canada and paid to a resident of France shall be taxable only in France if it is related to a loan or a debt granted, guaranteed or assisted by any institution of that State acting within the framework of the public aid to external trade.”