

Article III

1. Allowance for debts shall be determined in accordance with the laws of the contracting State imposing the tax.
2. Where a contracting State imposes tax by reason of a decedent being domiciled therein or being a citizen thereof, no distinction shall be made between organizations created in that State and organizations created in the other contracting State in the allowance of any deduction authorized by its statute for a bequest, legacy, devise, or transfer made for exclusively religious, charitable, scientific, literary, or educational purposes.
3. Domicile shall be determined in accordance with the laws of the contracting State imposing the tax on the basis of domicile.

Article IV

1. Where the United States imposes tax solely by reason of the property being situated therein, the United States shall, if the decedent was domiciled in Canada,
 - (a) for the purpose of determining the tax rate or rates, take into account only property situated in the United States, and
 - (b) exempt from tax property situated in the United States where the taxable estate before the allowance of a specific exemption does not exceed \$15,000.00, but if such estate exceeds \$15,000.00 the amount of the tax shall be the lesser of (1) the amount by which such estate exceeds \$15,000.00, or, (2) the tax computed after allowance of a specific exemption of \$2,000.00.
2. Where Canada imposes tax solely by reason of the property being situated therein, Canada shall, if the decedent was a citizen of or domiciled in the United States,
 - (a) for the purpose of computing the tax apply a rate not to exceed 15% in respect of the property situated in Canada, and
 - (b) exempt from tax property situated in Canada where the aggregate value thereof does not exceed \$15,000.00, but if the aggregate value exceeds \$15,000.00 the amount of the tax shall not be greater than the amount by which the aggregate value exceeds \$15,000.00.

Article V

1. Where either contracting State imposes tax by reason of a decedent being domiciled therein or being a citizen thereof, that contracting State shall allow against so much of its tax (as otherwise computed) as is attributable to property situated in the other contracting State a credit (not exceeding the amount of the tax so attributable) equal to so much of the tax imposed by the other contracting State as is attributable to such property.
2. Where each contracting State imposes tax on any property situated outside both contracting States or in both contracting States, each contracting State shall allow against so much of its tax (as otherwise computed) as is attributable to such property a credit which bears the same proportion to the amount of its tax so attributable or to the amount of the other contracting State's tax attributable to the same property, whichever is the lesser as the former amount bears to the sum of both amounts.