

Article XV

1. Subparagraph (c) of paragraph 1 of Article 23 (Elimination of Double Taxation) of the Convention shall be deleted and replaced by the following:

"(c) Where in accordance with any provision of this Convention income derived by a resident of Canada is exempt from tax in Canada, Canada may nevertheless, in calculating the amount of tax on other income, take into account the exempted income."

2. Subparagraphs 2 (a) and 2 (b) of Article 23 (Elimination of Double Taxation) of the Convention shall be deleted and replaced by the following:

"(a) Indonesia, when imposing tax on residents of Indonesia, may include in the basis upon which such taxes are imposed the items of income which according to the provisions of this Convention may be taxed in Canada.

(b) Subject to the provisions of subparagraph (c), Indonesia shall allow as a deduction from the tax computed in conformity with subparagraph (a) an amount equal to such proportion of that tax that the income which is included in the basis of that tax and may be taxed in Canada according to the provisions of this Convention bears to the total income which forms the basis for Indonesian tax."

Article XVI

There shall be added to Article 28 (Miscellaneous Rules) of the Convention the following paragraphs 3, 4 and 5:

"3. The provisions of paragraph 6 of Article 10 shall not affect the provisions contained in any Contracts of Work and Production Sharing Contracts relating to the oil and gas sector or other mining sector negotiated by the Government of Indonesia, its instrumentality, its relevant state oil company or any other entity thereof with a person who is a resident of Canada.

4. Nothing in the Convention shall be construed as preventing a Contracting State from imposing a tax on amounts included in the income of a resident of that Contracting State with respect to a partnership, trust or controlled foreign affiliate in which the resident has an interest.

5. The Convention shall not apply to any company, trust or partnership that is a resident of a Contracting State and is beneficially owned or controlled directly or