

(B) by adding to paragraph 2 of Article XVIII the following sentences:

"Further the Netherlands shall, as from such date as shall be determined by the Netherlands Government and notified to the Canadian Government, allow a deduction from the amount of tax computed in conformity with the first paragraph of this article, with respect to dividends derived from Canada by a resident of the Netherlands, insofar as these dividends are taxable in the Netherlands and not attributable to a permanent establishment situated in Canada. The amount of this deduction shall be the lesser of the following amounts:

- (i) an amount equal to the tax paid to Canada in conformity with Article VII, paragraph 2, of this Convention; or
- (ii) the amount of Netherlands tax on the dividends which bears the same proportion to the total amount of Netherlands tax as the amount of the dividends bears to the amount of income which forms the basis for the computation of the aforesaid amount of Netherlands tax".

(C) by deleting paragraph 3 of Article XVIII and replacing it with the following paragraph:

"3. Except in the case of a non-resident-owned investment corporation Canada agrees to allow as a deduction from Canadian tax on any income derived from sources within the Netherlands that is subject to tax in Canada the amount of Netherlands tax payable in respect of that income, provided that the deduction shall not exceed the proportion of the Canadian tax that the income from the Netherlands that is subject to Canadian tax bears to the total income subject to Canadian tax".

(D) by deleting paragraph 2 of Article XXII and by renumbering the paragraphs 3 and 4 as 2 and 3.

ARTICLE II.

1. This further Supplementary Convention shall be ratified and the instruments of ratification shall be exchanged at The Hague as soon as possible.

2. This further Supplementary Convention shall come into force on the date on which the instruments of ratification are exchanged and shall thereupon have effect:

- (a) in respect of taxes withheld at the source on dividends, to any dividends paid after December 31, 1964, and
- (b) in respect of other income taxes, for any taxation year beginning after December 31, 1964.

3. As from the date of its entry into force this further Supplementary Convention shall be considered as an integral part of the Convention of April 2, 1957, as modified by the Supplementary Convention of October 28, 1959.

IN WITNESS WHEREOF the undersigned duly authorized thereto, have signed this Supplementary Convention and have affixed thereto their seals.

DONE, in duplicate, this third day of February nineteen hundred and sixty-five at Ottawa, in the English and Netherlands languages, both texts being equally authentic.

For the Government of Canada:

W. L. GORDON

*Voor de Regering Vanhet
Koninkrijk der Nederlanden:*

A. H. J. LOVINK