

10. *With reference to Article XVI*

It is understood that, in the case of Brazil, the expression "similar council" includes the "conselho fiscal" (Statutory Audit Committee).

11. It is understood that the relief to be granted by Canada in accordance with the provision of paragraph 5 of Article XXII in respect of the Brazilian corporation tax paid on the profits out of which dividends are paid, shall be determined in accordance with the provision of the Canadian Income Tax Act in force from time to time, provided that in no case dividends to which paragraph 5 of Article XXII applies shall receive a tax treatment in Canada less favourable than that accorded under section 113 of the Canadian Income Tax Act, as in effect on the date of signature of this Convention.

12. *With reference to Article XXIII, paragraph 2*

It is understood that the provisions of paragraph 5 of Article X are not in conflict with the provisions of paragraph 2 of Article XXIII.

13. *With reference to Article XXIII, paragraph 3*

It is understood that:

- (a) the provisions of the Brazilian law which do not allow that royalties as defined in paragraph 3 of Article XII, paid by a company resident of Brazil to a resident of Canada which holds at least 50 per cent of the voting capital of that company, be deductible in determining the taxable income of the company resident of Brazil, are not in conflict with the provisions of paragraph 3 of Article XXIII of the present Convention;
- (b) in the event that Brazil, after the signature of the present Convention, would allow that royalties, paid by an enterprise which is a resident of Brazil to an enterprise which is a resident of a third State not located in Latin-America, and which holds at least 50 per cent of the capital of the enterprise which is a resident of Brazil, be deductible in determining the taxable income of this enterprise, an equal deduction will be automatically applicable, under similar conditions, to an enterprise which is a resident of Brazil paying royalties to an enterprise which is a resident of Canada;
- (c) a more-favoured tax treatment granted by Brazil after the date of the signature of the present Convention, by virtue of an international Convention, to enterprises, the capital of which is wholly or partly owned or controlled, directly or indirectly, by residents of countries located in Latin-America shall not constitute, for the purposes of the provisions of paragraph 3 of Article XXIII, a discrimination against a Brazilian enterprise owned or controlled under the same conditions above-mentioned by a resident of Canada.

14. It is understood that the provisions of this Convention shall not be construed to restrict in any manner any exclusion, exemption, deduction, credit, or other allowance now or hereafter accorded: