

out of the exempt surplus of a foreign affiliate resident in Czechoslovakia.

2. In the case of Czechoslovakia, double taxation shall be avoided as follows:

(a) Where a resident of Czechoslovakia derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in Canada, Czechoslovakia shall, subject to the provisions of subparagraph (b) of this paragraph, exempt such income or such capital from tax but may, in calculating tax on the remaining income or capital of that person, apply the rate of tax which would have been applicable if the exempted income or capital had not been so exempted.

(b) Czechoslovakia when imposing taxes on its residents may include in the tax base upon which such taxes are imposed the items of income which according to the provision of Articles 10, 11, 12, 16, 17 and 21 of this Convention may also be taxed in Canada but shall allow as a deduction from the amount of tax computed on such a base an amount equal to the tax paid in Canada. Such deduction shall not, however, exceed that part of the Czechoslovak tax, as computed before the deduction is given, which is appropriate to the income which, in accordance with the provisions of Articles 10, 11, 12, 16, 17 and 21 of this Convention may be taxed in Canada.

3. For the purposes of this Article, profits, income or gains of a resident of a Contracting State which are taxed in the other Contracting State in accordance with this Convention shall be deemed to arise from sources in that other State.

## ARTICLE 24

### Non-Discrimination

1. The nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected.