

(p) By striking out paragraph 6 of the Protocol and inserting in lieu thereof the following:

"6. The term 'subsidiary corporation' as used in Article XI of this Convention means a corporation 95 percent of whose shares (other than Directors' qualifying shares) having full voting rights are beneficially owned by another corporation, provided that (except in the case of a corporation the chief business of which is the making of loans) ordinarily not more than one-quarter of the gross income of such subsidiary corporation is derived from interest and dividends other than interest and dividends received from its subsidiary corporations."

(q) By changing "Article VI" in paragraphs 8 and 9 of the Protocol to read "Article VIA".

(r) Paragraph 10 of the Protocol is amended to read as follows:

"10. The term 'permanent establishment' as used in Article XI of this Convention, shall not be deemed to include an office used solely for the purchase of merchandise."

ARTICLE II

1. The present supplementary Convention shall be ratified and the instruments of ratification shall be exchanged at Washington as soon as possible.

2. The present supplementary Convention shall, except as provided in Article I(1) (A), become effective with respect only to taxable years beginning on or after the first day of January of the calendar year in which occurs the exchange of the instruments of ratification. It shall continue effective indefinitely as though it were an integral part of the Convention of March 4, 1942, subject to the provisions of Article XXII of that Convention with respect to termination.

IN WITNESS WHEREOF the above-named Plenipotentiaries have signed the present Convention and have affixed thereto their respective seals.

DONE, in duplicate, at Ottawa this 12th day of June 1950.

For the Government of Canada:

D. C. ABBOTT

For the Government of the United States of America:

JULIAN F. HARRINGTON