

- (b) the pensionable income as defined in that Act; so however that such pensionable income shall be calculated solely on the basic wage/salary or net income, as the case may be under that Act, which:
- (i) had been earned or received in Malta during the last 10 calendar years immediately preceding his or her retirement or invalidity, as the case may be, or
 - (ii) if during the last 10 calendar years immediately preceding his or her retirement or invalidity he or she was a resident of Canada or of a third State with which both Parties have a Reciprocal Agreement on social security or was residing in Malta but exempt from the payment of contributions under the legislation of Malta, had been earned or received in Malta during the last 10 calendar years immediately preceding his or her last day of employment/self-employment in Malta; and
- (B) any other pension, excluding an Age Pension, shall be determined in conformity with the Social Security Act, 1987 exclusively on the basis of the contributions paid or credited in Malta.
2. In the application of paragraph 1, the competent institution of Malta shall first compute the amount of the theoretical benefit which would be payable if the creditable periods under the legislation of Canada and Malta, totalized as provided in Article VIII and, where required, taking into account periods in a third State through the application of Article IX, had been creditable periods under the legislation of Malta alone. The theoretical benefit so computed shall be pro-rated by the fraction that the total reckonable contributions paid or credited under the legislation of Malta bear to the number of contributions totalized under the provisions of Chapter 1.
3. In the case of an Age Pension as is payable under the Social Security Act, 1987, a citizen of Canada who is normally residing in Malta shall have the same rights and obligations as a citizen of Malta who is normally residing in Malta.
4. A benefit payable under the Old Age Security Act of Canada and/or the Canada Pension Plan shall not be considered as income for the purposes of disqualifying a person from receiving a pension as is referred to under (A) of paragraph 1.