

lishment, there shall be allowed as deductions all expenses which would be deductible if the permanent establishment were an independent enterprise insofar as they are reasonably allocable to the permanent establishment, including executive and general administrative expenses so deductible and allocable, whether incurred in the territory in which the permanent establishment is situated or elsewhere.

5. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

ARTICLE IV.

Where:

- (a) an enterprise of one of the territories participates directly or indirectly in the management, control or capital of an enterprise of the other territory, or
- (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of one of the territories and an enterprise of the other territory,

and in either case conditions are made or imposed between the two enterprises, in their commercial or financial relations, which differ from those which would be made between independent enterprises, then any profits which but for those conditions would have accrued to one of the enterprises, but, by reason of those conditions have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

ARTICLE V.

Profits of an enterprise from the operation of ships or aircraft in international traffic shall be taxable only in the territory in which the place of effective management of the enterprise is situated.

ARTICLE VI.

1. The rate of Canadian tax on income (other than income from carrying on business in Canada or from performing duties in Canada) derived from sources within Canada by a resident of Ireland shall not exceed 15 per cent.

2. Notwithstanding paragraph 1, Canadian tax shall not be imposed on a dividend paid or credited by a company which is a resident of Canada to a company which is a resident of Ireland if

- (a) at least 95 per cent of the gross revenue of the former company for each of its last three complete taxation years before the day the dividend was paid or credited (or in the case of a company having fewer than three years, for each complete taxation year thereof before that day) was received by it or receivable by it, as the case may be, from non-resident persons as, or in lieu of payment of, dividends or interest, and
- (b) during the period of three years that ended on the day the dividend was paid or credited the former company did not own any shares in a company that was resident in Canada, and
- (c) during the period of twelve months that ended on the day the dividend was paid or credited the latter company owned all of the voting stock of the former company (except directors' qualifying shares).

3. Income (other than income from carrying on business in Ireland or from performing duties in Ireland) derived from sources within Ireland by an individual who is a resident of Canada shall be exempt from Irish surtax.