

2. Where income from an estate or trust in Canada is derived by a resident of Zambia who is subject to tax there in respect thereof the tax charged in Canada shall not exceed 15 per cent of the gross amount of the income.

ARTICLE XXII

Elimination of Double Taxation

1. Subject to the existing provisions of the law of Zambia regarding the allowance as a credit against Zambian tax of tax payable in a territory outside Zambia and to any subsequent modification of those provisions - which shall not affect the general principle hereof - tax payable under the laws of Canada, whether directly or by deduction, on profits, income or chargeable gains from sources within Canada shall be allowed as a credit against any Zambian tax computed by reference to the same profits, income or chargeable gains by reference to which Canadian tax is computed. Provided that in the case of a dividend the credit against Zambian tax shall take into account only such Canadian tax payable in respect thereof as is additional to any Canadian tax payable by the company on the profits out of which the dividend is paid and is ultimately borne by the recipient of the dividend.

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

(a) Subject to the existing provisions of the law of Canada regarding the deduction from tax payable in Canada of tax paid in a territory outside Canada and to any subsequent modification of those provisions -- which shall not affect the general principle hereof -- and unless a greater deduction or relief is provided under the laws of Canada, tax payable in Zambia on profits, income or gains arising in Zambia shall be deducted from any Canadian tax payable in respect of such profits, income or gains.

(b) Subject to the existing provisions of the law of Canada regarding the determination of the exempt surplus of a foreign affiliate and to any subsequent modification of those provisions -- which shall not affect the general principle hereof -- for the purpose of computing Canadian tax, a company resident in Canada shall be allowed to deduct in computing its taxable income any dividend received by it out of the exempt surplus of a foreign affiliate resident in Zambia.

3. For the purposes of paragraph 2(a), tax payable in Zambia by a company which is a resident of Canada

(a) in respect of profits attributable to a trade or business carried on by it in Zambia, or

(b) in respect of dividends received by it from a company which is a resident of Zambia,