

**ARTICLE 23****Relief from Double Taxation**

1. In the case of a resident 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, German tax (other than capital tax) payable in accordance with this Agreement on profits, income or gains arising in the Federal Republic of Germany 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 allowance as a credit against Canadian tax of tax payable in a territory outside Canada and to any subsequent modification of those provisions - which shall not affect the general principle hereof - where a company which is a resident of the Federal Republic of Germany pays a dividend to a company which is a resident of Canada and which controls directly or indirectly at least 10 per cent of the voting power in the first-mentioned company, the credit shall take into account the tax payable in the Federal Republic of Germany by that first-mentioned company in respect of the profits out of which such dividend is paid.
  - (c) Where in accordance with any provision of the Agreement income derived or capital owned by a resident of Canada is exempt from tax in Canada, Canada may nevertheless, in calculating the amount of tax on other income or capital, take into account the exempted income or capital.
  - (d) For the purposes of this paragraph, profits, income or gains of a resident of Canada shall be deemed to arise from sources in the Federal Republic of Germany if they may be taxed in the Federal Republic of Germany in accordance with this Agreement.
2. Where a resident of the Federal Republic of Germany derives income or owns capital which, in accordance with the provisions of this Agreement, may be taxed in Canada, double taxation shall be avoided as follows:
  - (a) Subject to the provisions of subparagraph (b), there shall be excluded from the basis upon which German tax is imposed, any item of income from sources within Canada and any item of capital situated within Canada, which according to the foregoing Articles of this Agreement may be taxed, or shall be taxable only, in Canada; in the determination of its rate of tax applicable to any item of income or capital not so excluded, the Federal Republic of Germany will, however, take into account the items of income and capital, which according to the foregoing Articles may be taxed in Canada.