

- (c) in the case of any approved royalties falling under paragraph 5 of Article XII, an amount not exceeding a sum equivalent to tax at a rate of 15 per cent on the gross amount of the royalties which would have been payable as Malaysian tax but for the exemption granted in accordance with paragraph 3 of Article XII.

5. For the purposes of this Article, profits, income or gains of a resident of a Contracting State which are taxed in the other Contracting State in accordance with this Agreement shall be deemed to arise from sources in that other State.

ARTICLE XXIV

Limitation of Relief

Where this Agreement provides (with or without other conditions) that income from sources in a Contracting State shall be exempt from tax, or taxed at a reduced rate in that Contracting State and under the laws in force in the other Contracting State the said income is subject to tax by reference to the amount thereof which is remitted to or received in that other Contracting State and not by reference to the full amount thereof, then the exemption or reduction of tax to be allowed under this Agreement in the first-mentioned Contracting State shall apply to so much of the income as is remitted to or received in that other Contracting State:

Provided that where—

- (a) in accordance with the foregoing provisions of this Article, relief has not been allowed in the first instance in the first mentioned Contracting State in respect of an amount of income; and
- (b) that amount of income has subsequently been remitted to or received in the other Contracting State and is thereby subject to tax in that other Contracting State.

the competent authority of the first mentioned Contracting State shall, subject to any laws thereof for the time being in force limiting the time and setting out the method for the making of a refund of tax, allow relief in respect of that amount of income in accordance with the appropriate provisions of this Agreement.

V. SPECIAL PROVISIONS

ARTICLE XXV

Non-Discrimination

1. The nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirements connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected.

2. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities.