

## ARTICLE 3

1. Paragraph 1 of Article XXV of the Agreement shall be deleted and replaced by the following:

“1. 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 Barbados on profits, income or gains arising in Barbados 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 Barbados 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 Barbados 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 this 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.”