

CANADA

SUPPLEMENTARY CONVENTION FURTHER MODIFYING THE CONVENTION
BETWEEN CANADA AND THE KINGDOM OF THE NETHERLANDS FOR THE
AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL
EVASION WITH RESPECT TO TAXES ON INCOME, SIGNED AT OTTAWA
ON APRIL 2, 1957.

The Government of Canada and the Government of the Kingdom of the Netherlands desiring to conclude a Supplementary Convention further modifying the Convention between Canada and the Kingdom of the Netherlands for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, signed at Ottawa on April 2, 1957,⁽¹⁾ as modified by the Supplementary Convention of October 28, 1959,⁽²⁾ agree as follows:

ARTICLE I.

The provisions of the above-mentioned Convention are hereby modified as follows:

(A) by deleting paragraphs 3, 4 and 5 of article VII and replacing them with the following paragraphs:

"3. Notwithstanding paragraph 2 of this article, none of the States shall levy a tax on dividends paid by a company which is a resident of that State to a company which is a resident of the other State provided that:

- (a) at least 95% of the gross income of the former company for each of its last 3 complete taxation years before the day the dividend was paid or credited (or in the case of a company existing fewer than 3 years, for each complete taxation year thereof before that day) was received by it or receivable by it, as the case may be, from persons who are not residents of the former State as, or in lieu of payment of, dividends or interest, and
- (b) during the period that ended on the day the dividend was paid or credited and that commenced on the later of
 - (i) a day 3 years before that day, or
 - (ii) January 1, 1965

the former company did not own any shares in a company which was a resident of the former State at any time during that period, and

- (c) during the period of 12 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).

4. If and as long as the Netherlands levies a tax on profits of companies the rate of which is lower for distributed profits than for undistributed profits, then for the application of paragraph 3 of this article the rate of tax that may be levied by the Netherlands shall be 15 per cent increased by the difference in the rate of the tax on profits of companies for distributed profits and for undistributed profits, provided that the total rate may not exceed 25 per cent".

⁽¹⁾ Canada Treaty Series 1957 No. 30.

⁽²⁾ Canada Treaty Series 1960 No. 13.