V. METHODS FOR PREVENTION OF DOUBLE TAXATION

ARTICLE 23

Elimination of Double Taxation

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 Turkey on profits, income or gains arising in Turkey shall be deducted from any Canadian tax payable in respect of such profits, income or gains. For the purposes of this subparagraph, profits, income or gains of a resident of Canada which are taxed in Turkey in accordance with this Agreement shall be deemed to arise from sources in Turkey;

(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 Turkey 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 Turkey by that first-mentioned company in respect of the profits out of which such dividend is paid; and

(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.