

ARTICLE 26
Limitation on Benefits

(1) A person (other than an individual) which is a resident of a Contracting State shall not be entitled under this Convention to relief from taxation in the other Contracting State unless

- (a) more than 75 percent of the beneficial interest in such person (or in the case of a corporation, more than 75 percent of the number of shares of each class of the corporation's shares) is owned, directly or indirectly, by one or more individual residents of the first-mentioned Contracting State; and
- (b) the gross income of such person is not used in substantial part, directly or indirectly, to meet liabilities (including liabilities for interest or royalties) to persons who are residents of a State other than a Contracting State and who are not citizens of the United States. For the purposes of subparagraph a), a corporation that has substantial trading in its stock on a recognized exchange in a Contracting State is presumed to be owned by individual residents of that Contracting State. A stock exchange shall be treated as a "recognized exchange" by agreement of the competent authorities of the Contracting States.

(2) Paragraph 1 shall not apply if it is determined that the establishment, acquisition and maintenance of such person and the conduct of its operations did not have as a principal purpose obtaining benefits under the Convention.

(3) Where:

- (a) income derived by a trustee is to be treated for the purposes of this Convention as income of a resident of one of the Contracting States; and
- (b) the trustee derived the income in connection with a scheme a principal purpose of which was to obtain a benefit under this Convention, then, notwithstanding any other provision of this Convention, the Convention does not apply in relation to that income.