

ARTICLE VI

(1) The rate of United States tax on dividends derived from sources within the United States by a resident of New Zealand not engaged in trade or business within the United States through a permanent establishment therein shall not exceed 15 per cent. : Provided that such rate of tax shall not exceed 5 per cent. if such resident is a corporation controlling, directly or indirectly, at least 95 per cent. of the entire voting power in the corporation paying the dividend, and not more than 25 per cent. of the gross income of such paying corporation is derived from interest and dividends, other than interest and dividends received from its own subsidiary corporations. Such reduction of the rate to 5 per cent. shall not apply if the relationship of the two corporations has been arranged or is maintained primarily with the intention of securing such reduced rate.

(2) In the event that New Zealand should impose at any time tax on dividends derived from sources within New Zealand by a non-resident thereof, including a resident of the United States, not engaged in trade or business within New Zealand through a permanent establishment therein at a rate in excess of 15 per cent. (or 5 per cent. in cases corresponding to those within the scope of the proviso in paragraph (1) of this Article), either of the Contracting Governments may terminate this Article provided that notice of termination is given in writing, and, in such event, this Article shall cease to be effective as respects United States tax for the taxable years beginning on or after the first day of January next following the date on which such notice is given.

ARTICLE VII

(1) A resident of the territory of one of the Contracting Governments deriving from sources within the territory of the other Contracting Government—

(a) Royalties in respect of the operation of mines, quarries or natural resources, or

(b) Rentals from real property, or

(c) Royalties or other amounts paid as consideration for the use of, or for the privilege of using, any copyright, patent, design, secret process or formula, trade-mark or other like property,

may elect for any taxable year to be subject to the tax of such other Contracting Government, on a net basis, as if such resident were engaged in trade or business within the territory of such other Contracting Government through a permanent establishment therein during such taxable year.

(2) The provisions of this Article shall not apply to income falling within the scope of Article VIII of the present Convention.