

A company shall be regarded as resident in Canada if its business is managed and controlled in Canada.

(f) The terms "Federal Republic enterprise" and "Canadian enterprise" mean respectively an industrial or commercial enterprise or undertaking carried on by a resident of the Federal Republic and an industrial or commercial enterprise or undertaking carried on by a resident of Canada; and the terms "enterprise of one of the territories" and "enterprise of the other territory" mean a Federal Republic enterprise or a Canadian enterprise, as the context requires;

(g) (aa) The term "permanent establishment" when used with respect to an enterprise of one of the territories means a branch, office, factory, workshop, warehouse, mine, stone quarry or other place of exploitation of the ground or soil, permanent sales exhibition or other fixed place of business;

(bb) An enterprise of one of the territories shall be deemed to have a permanent establishment in the other territory if it carries on in that other territory a construction or assembly project or the like, the duration of which exceeds or will likely exceed twelve months, notwithstanding the fact that it has no fixed place of business in such other territory within the meaning of sub-paragraph (aa).

(cc) Except as provided in sub-paragraph (dd) a permanent establishment is not constituted by the use of mere storage facilities, or the maintenance of a stock of merchandise—whether in a warehouse or not—merely for convenience of delivery and not for purposes of display;

(dd) An enterprise of one of the territories shall be deemed to have a permanent establishment in the other territory if in that other territory;

(i) it has an agent or employee who has and habitually exercises general authority to negotiate and conclude contracts on behalf of the enterprise; or

(ii) it has an agent or employee who has a stock of merchandise from which he regularly fills orders on behalf of the enterprise.

An enterprise of one of the territories shall not be deemed to have a permanent establishment merely because it carries on business dealings in the other territory through a bona fide broker, general commission agent or other independent agent acting in the ordinary course of his business as such;

(ee) The fact that an enterprise of one of the territories maintains in the other territory a fixed place of business exclusively for the purchase of goods or merchandise shall not of itself constitute that fixed place of business a permanent establishment of the enterprise;

(ff) The fact that a company which is a resident of one of the territories has a subsidiary company which is a resident of the other territory or which carries on a trade or business in that other territory (whether through a permanent establishment or otherwise) shall not of itself constitute that subsidiary company a permanent establishment of its parent company.