

ARTICLE 15

Taxation

1. In this Article:
 - (a) the term “profits or income” includes gross receipts and revenues derived directly from the operation of aircraft in international traffic, including:
 - (i) the charter or rental of aircraft;
 - (ii) the sale of air transportation, either for the airline itself or for any other airline; and
 - (iii) interest from earnings, provided that such earnings are related to the operation of aircraft in international traffic;
 - (b) the term “international traffic” means the transportation of persons and/or cargo, including mail, except when such transportation is solely between points in the territory of one Contracting Party; and
 - (c) the term “airline of one Contracting Party” means in the case of Canada, an airline resident in Canada for purposes of income taxation and, in the case of the State of Kuwait, an airline resident in the State of Kuwait for purposes of income taxation.
2. Profits or income from the operation of aircraft in international traffic derived by an airline of one Contracting Party, including participation in inter-airline commercial agreements or joint business ventures, shall be exempt from any tax on profits or income imposed by the Government of the other Contracting Party.
3. Capital and assets of an airline of one Contracting Party relating to the operation of aircraft in international traffic shall be exempt from all taxes on capital and assets imposed by the Government of the other Contracting Party.
4. Gains from the alienation of aircraft abroad operated in international traffic and movable property pertaining to the operation of such aircraft which are received by an airline of one Contracting Party shall be exempt from any tax on gains imposed by the Government of the other Contracting Party.
5. The above provisions shall not have effect when an agreement for the avoidance of double taxation with respect to taxes on income providing for similar exemptions is in force between the two Contracting Parties.