

(Translation)

**EXCHANGE OF NOTES (September 22, 1959) BETWEEN THE GOVERNMENT OF CANADA AND THE SWISS FEDERAL COUNCIL CONCERNING THE TAXATION OF ENTERPRISES OPERATING SHIPS AND AIRCRAFT**

**I**

*The Chief of the Federal Political Department of Switzerland to the  
Canadian Ambassador to Switzerland*

EXCELLENCY,

The Swiss Federal Council and the Government of Canada being desirous of avoiding double taxation with respect to enterprises operating ships and aircraft, I have the honour to inform you that the Swiss Federal Council is ready to enter into an agreement with the Government of Canada in the following terms:

**ARTICLE I**

For the purposes of this agreement:

(a) The term "operation of maritime and air navigation" means the professional transportation by sea and air of persons, animals, goods and mail carried out by the owner, lessee or charterer of ships or aircraft;

(b) The term "Canadian enterprises" means the Government of Canada, physical persons residing in Canada and not residing in Switzerland, as well as joint stock companies or associations of persons which are formed in accordance with Canadian law and whose business is directed and controlled in Canada;

(c) The term "Swiss enterprises" means the Swiss Confederation or one of its cantons, physical persons residing in Switzerland and not residing in Canada, as well as joint stock companies or associations of persons which are formed in accordance with Swiss law and whose business is directed and controlled in Switzerland.

**ARTICLE II**

(1) The Government of Canada shall exonerate all receipts resulting from the operation of maritime and air navigation between Canada and other countries, which are obtained by Swiss enterprises operating ships and aircraft, from income tax and all other taxes on revenue levied by the Government of Canada.

(2) Under the terms of the federal decree of October 1, 1952, all receipts resulting from the operation of maritime and air navigation between Switzerland and other countries, which are obtained by Canadian enterprises operating ships and aircraft, shall be exonerated from taxes on income and profits levied in Switzerland (by the Confederation, cantons and communes).

(3) The fiscal exoneration defined in Paragraphs 1 and 2 above is also applicable to Canadian or Swiss enterprises of air transportation that participate in a "pool", a joint business or an international organization.