

3. In the application of the provisions of this Agreement by one of the Contracting States any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State relating to the taxes which are the subject of this Agreement.

ARTICLE III.

1. The industrial or commercial profits of a Canadian enterprise shall not be subject to Australian tax unless the enterprise is engaged in trade or business in Australia through a permanent establishment in Australia. If it is so engaged, Australian tax may be imposed upon those profits by Australia but only on so much of them as is attributable to that permanent establishment: Provided that nothing in this paragraph shall affect the operation of Divisions 14 and 15 of Part III of the Income Tax and Social Services Contribution Assessment Act 1936-1957 of the Commonwealth of Australia (or that Act as amended from time to time) relating to film business controlled abroad and insurance with non-residents, or the corresponding provisions of any Statute substituted for that Act.

2. The industrial or commercial profits of an Australian enterprise shall not be subject to Canadian tax unless the enterprise is engaged in trade or business in Canada through a permanent establishment in Canada. If it is so engaged, Canadian tax may be imposed upon those profits by Canada but only on so much of them as is attributable to that permanent establishment.

3. Where an enterprise of one of the Contracting States is engaged in trade or business in the other Contracting State through a permanent establishment in that other Contracting State, there shall be attributed to that permanent establishment the industrial or commercial profits which that permanent establishment might be expected to derive in that other Contracting State if it were an independent enterprise engaged in the same or similar activities and its dealings with the enterprise of which it is a permanent establishment were dealings at arm's length with that enterprise or an independent enterprise; and the profits so attributed shall be deemed to be income derived from sources in that other State and shall be taxed accordingly.

4. If the information available to the taxation authority of the Contracting State concerned is inadequate to determine the profits to be attributed to the permanent establishment, nothing in this Article shall affect the application of any law of that Contracting State in relation to the liability of the permanent establishment to pay tax on an amount determined by the exercise of a discretion or the making of an estimate by the taxation authority of that Contracting State: Provided that the discretion shall be exercised or the estimate shall be made, so far as the information available to the taxation authority permits, in accordance with the principle stated in this Article.

5. No portion of any profits arising from the sale of goods or merchandise by an enterprise of one of the Contracting States shall be attributed to a permanent establishment in the other Contracting State by reason of the mere purchase by that enterprise of the goods or merchandise within that other Contracting State.

ARTICLE IV.

1. Where

(a) an enterprise of one of the Contracting States participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State; or