

(i) "industrial or commercial enterprise", includes an enterprise engaged in mining or farming and "industrial or commercial profits", includes mining and farming profits but does not include income in the form of royalties, rents (including rent or royalties on cinematograph films), interest, dividends, management charges, remuneration for personal services, or profits from the operation of transport services by air or water;

(j) "permanent establishment", when used with respect to an enterprise of one of the territories, means a branch, depot, factory, farm, mine or other fixed place of business but does not include an agency unless the agent has and habitually exercises, a general authority to negotiate and conclude contracts on behalf of such enterprise or has a stock of merchandise from which he regularly fills orders on its behalf.

The use of substantial equipment or machinery within one of the territories at any time in any taxable year by an enterprise of the other territory shall constitute a permanent establishment of such enterprise in the former territory for such taxable year.

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

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.

The fact that a company which is resident in one of the territories has a subsidiary company which is a resident of the other territory or which is engaged in 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;

(k) "profit", in relation to Union tax, means "taxable income" as defined under the laws of the Union relating to the taxes which are the subject of this Agreement;

(l) "Taxation Authorities" means the Commissioner for Inland Revenue or his authorized representative in the case of the Union and the Minister of National Revenue or his authorized representative in the case of Canada.

(2) "Union tax" and "Canadian tax", do not include any sum payable in respect of any default or omission in relation to the taxes which are the subject of this Agreement or which represent a penalty imposed under the law of either territory relating to those taxes.

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