

- (b) in Canada, the taxes imposed by the Government of Canada under the *Income Tax Act* (hereinafter referred to as "Canadian tax")."

## ARTICLE 2

1. Subparagraph (i) of paragraph 1 of Article III (General Definitions) of the Convention shall be deleted and replaced by the following subparagraph:

- "(i) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise of a Contracting State, except when such transport is solely between places in the other Contracting State;"

2. Paragraph 1 of Article III (General Definitions) of the Convention shall be amended by adding the following subparagraphs:

- "(j) the term "enterprise" applies to the carrying of any business;
- (k) the term "business" includes the performance of professional services and of other activities of an independent character."

## ARTICLE 3

Paragraphs 3 and 4 of Article IV (Fiscal Domicile) of the Convention shall be deleted and replaced by the following paragraph:

- "3. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, the competent authorities of the Contracting States shall endeavour to determine by mutual agreement the State of which the person shall be deemed to be a resident, having regard to its place of effective management, the place where it is incorporated or otherwise constituted and any other relevant factors. If the competent authorities are unable to determine the matter by mutual agreement, they shall endeavour to determine by mutual agreement the mode of application of this Convention to that person."

## ARTICLE 4

Paragraph 3 of Article IX (Associated Enterprises) of the Convention shall be deleted and replaced by the following paragraphs:

- "3. A Contracting State shall not change the income of an enterprise in the circumstances referred to in paragraph 1 after the expiry of the time limits provided in its domestic laws and, in any case, after eight years from the end of the taxation period in which the income that would be subject to such change would, but for the conditions referred to in paragraph 1, have been attributed to that enterprise.