

- (a) any law of a Contracting State relating to tax imposed on profits from insurance with non-residents; or
- (b) the law of Papua New Guinea relating to:
  - (i) the specific gains tax upon taxable specific gains;
  - or
  - (ii) the taxation of income derived by a foreign contractor from a prescribed contract within the meaning of that law, where that contractor is a resident of Canada with a permanent establishment in Papua New Guinea,

provided that if the relevant law in force in either Contracting State at the date of signature of this Agreement is varied (otherwise than in minor respects so as not to affect its general character) the Contracting States shall consult with each other with a view to agreeing to any amendment of this paragraph that may be appropriate.

#### ARTICLE 8

##### Ships and Aircraft

1. Profits from the operation of ships or aircraft derived by a resident of a Contracting State shall be taxable only in that State.
2. Notwithstanding the provisions of paragraph 1 and Article 7, such profits may be taxed in the other Contracting State where they are profits from operations of ships or aircraft confined solely to places in that other State.
3. The provisions of paragraphs 1 and 2 shall apply in relation to the share of the profits from the operation of ships or aircraft derived by a resident of a Contracting State through participation in a pool service, in a joint transport operating organization or in an international operating agency.
4. For the purposes of this Article, profits derived from the carriage by ships or aircraft of passengers, livestock, mail, goods or merchandise shipped in a Contracting State for discharge at another place in that State shall be treated as profits from operations of ships or aircraft confined solely to places in that State.