

**PROTOCOL TO THE CONVENTION BETWEEN THE GOVERNMENT
OF CANADA AND THE GOVERNMENT OF THE REPUBLIC OF
AZERBAIJAN FOR THE AVOIDANCE OF DOUBLE TAXATION AND
THE PREVENTION OF FISCAL EVASION WITH RESPECT TO
TAXES ON INCOME AND ON CAPITAL**

At the moment of signing the Convention between the Government of Canada and the Government of the Republic of Azerbaijan for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital, the undersigned have agreed that the following provisions shall form an integral part of the Convention.

1. With reference to paragraph 5 of Article 5, it is understood that a person, who is authorized to negotiate in a Contracting State all elements and details of a contract in a way binding on an enterprise, can be said to exercise this authority in that State, even if the contract is signed by another person in the State in which the enterprise is situated.
2. It is agreed that nothing in the Convention shall be construed as preventing a Contracting State from imposing on the income of a company attributable to a permanent establishment in that State, or the income attributable to the alienation of immovable property situated in that State by a company carrying on a trade in immovable property, a tax in addition to the tax that would be chargeable on the income of a company that is a national of that State, except that any additional tax so imposed shall not exceed 10 per cent of the amount of such income that has not been subjected to such additional tax in previous taxation years. For the purpose of this provision, the term "income" means the income attributable to the alienation of such immovable property situated in a Contracting State as may be taxed by that State under the provisions of Article 6 or of paragraph 1 of Article 13, and the profits, including any gains, attributable to a permanent establishment in a Contracting State in a year and previous years, after deducting therefrom all taxes, other than the additional tax referred to herein, imposed on such profits in that State.
3. With reference to paragraph 4 of Article 11, it is agreed that, in the case of Canada, the term "interest" shall not include income from debt-claims carrying a right to participate in the debtor's profits but shall include income which is subjected to the same taxation treatment as income from money lent by the laws of Canada.