

PROTOCOL

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

1. With reference to Article 7, paragraph 3.

It is understood that nothing contained therein shall require a Contracting State to allow the deduction of any expenditure which, by reason of its nature, is not generally allowed as a deduction under the taxation law of that State.

2. With reference to Article 8.

Notwithstanding the provisions of paragraph 1 of that Article and of Article 7, profits derived by an enterprise of Kyrgyzstan from a voyage of a ship or aircraft where the principal purpose of the voyage is to transport passengers or property between places in Canada may be taxed in Canada.

3. Nothing in the Agreement shall be construed as preventing Canada from imposing on the earnings of a company attributable to a permanent establishment in Canada, a tax in addition to the tax which would be chargeable on the earnings of a company which is a resident of Canada, provided that any additional tax so imposed shall not exceed 15 per cent of the amount of such earnings which have not been subjected to such additional tax in previous taxation years. For the purpose of this provision, the term "earnings" means the profits, including any gains, attributable to a permanent establishment in Canada in a year and previous years after deducting therefrom all taxes, other than the additional tax referred to herein, imposed on such profits by Canada.