

2. For the purposes of this Article and Article 21, the profits that are attributable in each Contracting State to the permanent establishment referred to in paragraph 1 are the profits it might be expected to make, in particular in its dealings with other parts of the enterprise, if it were a separate and independent enterprise engaged in the same or similar activities under the same or similar conditions, taking into account the functions performed, assets used and risks assumed by the enterprise through the permanent establishment and through the other parts of the enterprise.

3. Where, in accordance with paragraph 2, a Contracting State adjusts the profits that are attributable to a permanent establishment of an enterprise of one of the Contracting States and taxes accordingly profits of the enterprise that have been charged to tax in the other State, the other State shall, to the extent necessary to eliminate double taxation on these profits, make an appropriate adjustment to the amount of the tax charged on those profits. In determining such adjustment, the competent authorities of the Contracting States shall if necessary consult each other.

4. Where profits include items of income or gains which are dealt with separately in other Articles of this Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.”

ARTICLE IV

Paragraph 2 of Article 8 of the Convention shall be deleted and replaced by the following:

“2. Notwithstanding the provisions of paragraph 1 and Article 7, profits derived by an enterprise of a Contracting State from the carriage by a ship or aircraft of passengers or goods taken on board at a place in the other Contracting State for discharge at another place in that other Contracting State may be taxed in that other Contracting State, unless all or substantially all of the passengers or goods carried to that other place were taken on board at a place outside that other Contracting State.”

ARTICLE V

Paragraphs 3 and 4 of Article 9 of the Convention shall be deleted and replaced by the following:

“3. A Contracting State shall not make a primary adjustment to the profits 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 taxable year in which the profits which would be subject to such an adjustment would, but for the conditions referred to in paragraph 1, have been attributed to that enterprise.