

PROTOCOL

At the signing of the Agreement between Canada and India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect of Taxes on Income, the undersigned have agreed upon the following provisions which shall be an integral part of the Agreement:

1. With reference to paragraph 1 of Article 6, it is understood that it also applies to profits derived from the alienation of immovable property.

2. With reference to paragraph 4 of Article 7, it is understood that no deduction shall be allowed in respect of amounts, if any, paid (otherwise than towards reimbursement of actual expenses) by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents, know-how or other rights, or by way of commission or other charges, for specific services performed or for management, by way of interest on money lent to the permanent establishment. Likewise, no account shall be taken, in the determination of the profits of a permanent establishment for amounts charged (otherwise than towards reimbursement of actual expenses), by the permanent establishment to the head office of the enterprise or any of its other office, by way of royalties, fees or other similar payments in return for the use of patents, know-how or other rights, or by way of commission or other charges for specific services performed or for management, by way of interest on money lent to the head office of the enterprise or any of its other offices.

3. With reference to paragraph 2(a) of Article 11, it is understood that, in the case of India, the limitation provided therein shall apply only as long as for the purpose of computing Canadian tax a company which is a resident of Canada is allowed to deduct in computing its taxable income any dividend received by it out of the exempt surplus of a foreign affiliate resident in India.

4. With reference to paragraph 2 of Article 13, in the event that pursuant to an Agreement or a Convention concluded with a State which is a member of the Organisation for Economic Co-operation and Development after the date of signature of this Agreement India would accept a rate lower than 30 per cent for the taxation of royalties or fees for technical services paid by a resident of India to a resident of that State, it is understood that such lower rate will automatically be applied for the taxation of royalties and fees for technical services paid by a resident of India to a technical services are paid in respect of a right or property which is first granted, or under a contract which is signed after the date of entry into force of the first-mentioned Agreement or Convention.

5. With reference to Article 14, it is understood that the term "alienation" includes a "transfer" within the meaning of Indian taxation laws.

6. With reference to Article 26, it is understood that the term "information" includes documents.