

CANADA

**EXCHANGE OF NOTES BETWEEN THE GOVERNMENT OF CANADA AND
THE GOVERNMENT OF ITALY CONSTITUTING AN AGREEMENT FOR
THE AVOIDANCE OF DOUBLE TAXATION OF INCOME DERIVED
FROM THE OPERATION OF AIRCRAFT**

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The Secretary of State for External Affairs for Canada to the Ambassador of Italy

Ottawa, October 29, 1974

No. FLA-572

Excellency,

I have the honour to refer to the discussions between representatives of our two Governments relating to the conclusion of an agreement for the avoidance of double taxation of income derived from the operation of aircraft and to propose that the matter be governed by the following provisions:

- (1) Income derived by a Canadian enterprise from the operation by it of an aircraft in international traffic shall be exempt from any income or profits tax imposed by the Italian State;
- (2) Income derived by an Italian enterprise from the operation by it of an aircraft in international traffic shall be exempt from any income or profits tax imposed by the Government of Canada;
- (3) The provisions of paragraphs (1) and (2) shall also apply in respect of the income derived from the operation of an aircraft in international traffic by a Canadian enterprise or an Italian enterprise as a participant in a pool, a joint business or in an international operating agency;
- (4) Unless the context otherwise requires, the expression:
 - (a) "Canadian enterprise" means the Government of Canada and any agency thereof, an individual who is resident in Canada for the purposes of Canadian income tax and not resident in Italy for the purposes of Italian income tax and any other person or body of persons, corporate or not corporate, organized under the laws of Canada or of a province of Canada and having its place of effective management in Canada;
 - (b) "Italian enterprise" means the Italian Government and the Italian public agencies either national or local, an individual who is resident in Italy for the purposes of Italian income tax and not resident in Canada for the purposes of Canadian income tax and any other person or body of persons, corporate or not corporate, organized under Italian law and having its place of effective management in Italy;