

## PROTOCOL OF UNDERSTANDING

To the Convention between the Government of Canada and the Government of the Italian Republic for the avoidance of double taxation with respect to taxes on income and the prevention of fiscal evasion.

At the moment of signing the Convention this day concluded between the Government of Canada and the Government of the Italian Republic for the avoidance of double taxation with respect to taxes on income and the prevention of fiscal evasion, the undersigned plenipotentiaries have agreed upon the following additional provisions which shall be an integral part of the Convention.

It is understood that

- (a) With reference to subparagraph (d) of paragraph 1 of Article 3, the term "person" includes, in the case of Canada, a partnership, an estate and a trust.
- (b) With reference to Article 4, the term "resident of a Contracting State" also includes the Government of that State or a political or administrative subdivision or local authority thereof or any agency or instrumentality of any such government, subdivision or authority.
- (c) With reference to paragraph 3 of Article 4, the compromise solution adopted reflects the common desire of both Contracting States to prevent fiscal evasion.
- (d) With reference to Articles 5 and 8, ferry-boats, deep-sea ferry boats or other vessels devoted principally to the transportation of passengers or goods exclusively between places in a Contracting State shall, when so operated, not be considered to be operated in international traffic; it is further agreed that the landing site or sites situated in the Contracting State and used regularly in such operation by such boats or vessels shall constitute a permanent establishment in that State of the enterprise operating such boats or vessels.