

(2) Where an enterprise of one of the Contracting States carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

(3) In the determination of the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment including executive and general administrative expenses so incurred, whether in the Contracting State in which the permanent establishment is situated or elsewhere.

(4) No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

(5) Where profits include items of income 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, unless those items of income are attributable to a permanent establishment through which an enterprise of one of the Contracting States carries on business in the other Contracting State.

ARTICLE 7

Shipping and Air Transport

(1) Profits of an enterprise from the operation of ships or aircraft in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

(2) The provisions of paragraph (1) shall likewise apply to profits derived from the operation of vessels engaged in fishing, sealing or whaling activities on the high seas.

(3) When it is not feasible to determine that the place of effective management is in one of the Contracting States alone, and when the enterprise is carried on by one or more partners jointly and severally responsible and resident in one of the Contracting States and by one or more partners jointly and severally responsible and resident in the other Contracting State, profits as mentioned in paragraphs (1) and (2) are taxable in a Contracting State only in proportion to the share of the profits held by such partners resident in that Contracting State.

(4) The provisions of paragraph (1) shall apply in respect of participation in pools of any kind by Canadian or Norwegian enterprises engaged in shipping or air transport.

ARTICLE 8

Associated Enterprise

Where

- (a) an enterprise of one of the Contracting States participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State, or
- (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of one of the Contracting States and an enterprise of the other Contracting State, and