

4. With reference to paragraph 1 of Article 7, it is understood that where an enterprise of a Contracting State which had carried on business in the other Contracting State through a permanent establishment situated therein, receives after it has ceased to carry on business as aforesaid, profits attributable to that permanent establishment, such profits may be taxed in that other State in accordance with the principles laid down in Article 7.

5. It is understood that, notwithstanding the provisions of Articles 7 and 8, profits derived from the operation of ships or aircraft used principally to transport passengers or goods exclusively between places in a Contracting State may be taxed in that State.

6. With reference to paragraph 3 of Article 10, it is understood that the term "dividends" in the case of Turkey shall also include the income from investment funds and investment trusts.

7. With reference to paragraph 2 of Article 21, it is understood that, in the case of income from an estate or trust, the tax charged by Canada shall, provided that the income is taxable in Turkey, not exceed 15 per cent of the gross amount of the income.

8. With reference to paragraph 1 of Article 25, it is understood that to be admissible, the application referred to in that paragraph must be submitted:

- (a) in the case of Canada, within two years from the first notification of the action which gives rise to taxation not in accordance with the Agreement; and
- (b) in the case of Turkey, within one year from the first notification of the action which gives rise to taxation not in accordance with the Agreement. However, if such period has expired, the taxpayer may, in any case, present an application to the competent authority of Turkey within a period of five years beginning on the first day of January of the calendar year next following the related taxable year. For that purpose, the related taxable year is the year in which the income subject to the action resulting in taxation not in accordance with the provisions of the Agreement is derived.

9. It is understood that nothing in the Agreement shall be construed as preventing Canada from imposing a tax on amounts included in the income of a resident of Canada with respect to a partnership, trust, or controlled foreign affiliate, in which that resident has an interest. It is also understood that this provision shall not give Canada any right in respect of the taxation of residents of Turkey.