

- (c) "Operation of an aircraft" means the business of transportation by air of persons, livestock, goods or mail carried on by the owner or operator of an aircraft, including the business of selling passage tickets and any other activity also directly connected with such transportation;
- (d) "International traffic" means any transport by an aircraft operated by an Italian or Canadian enterprise, except when the aircraft is operated solely between places in the territory of Italy or Canada.
- (5) In the application of the preceding provisions by the taxation authorities of either country, any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that country relating to the taxes which are the subject of the said provisions.

If the foregoing proposals are acceptable to the Italian Government, I have the honour to propose that this Note, which is authentic in English and French, and your Excellency's reply, which will be authentic in Italian, shall constitute an Agreement between the Government of Canada and the Government of Italy.

This Agreement shall enter into force on the date when the two Governments will have notified each other by a subsequent Exchange of Notes that they have obtained whatever internal approval each may require to give effect to this Agreement. It is understood that the provisions of paragraphs (1), (2) and (3) shall take effect for taxation years commencing on or after January 1, 1970.

This Agreement may be terminated by either of our two Governments by giving notice of termination in writing to the other Government on or before the 30th day of June in any calendar year. In such event the Agreement shall cease to have effect for the taxation years commencing on or after the first day of January of the year following that in which the notice of termination is given.

Accept, Excellency, the assurances of my highest consideration.

ALLAN J. MACEACHEN,
*Secretary of State
for External Affairs.*

His Excellency
Baron Maurizio de Strobil,
Ambassador of Italy.