

PROTOCOL AMENDING

THE CONVENTION

BETWEEN

THE GOVERNMENT OF CANADA

AND

THE GOVERNMENT OF JAPAN

FOR THE AVOIDANCE OF DOUBLE TAXATION

AND THE PREVENTION OF FISCAL EVASION

WITH RESPECT TO TAXES ON INCOME

THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF JAPAN,

DESIRING to amend the Convention between the Government of Canada and the Government of Japan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income signed at Tokyo on May 7, 1986 (hereinafter referred to as "the Convention"),

HAVE AGREED as follows:

ARTICLE I

Article 8 of the Convention shall be deleted and replaced by the following:

"Article 8

1. Profits from the operation of ships or aircraft in international traffic carried on by an enterprise of a Contracting State shall be taxable only in that Contracting State.
2. Notwithstanding the provisions of Article 2, provided that no political subdivision or local authority in Canada levies an income tax or a tax similar to the enterprise tax in Japan in respect of the operation of ships or aircraft in international traffic carried on by an enterprise of Japan, an enterprise of Canada shall be exempt from the local inhabitant taxes and the enterprise tax in Japan in respect of the operation of ships or aircraft in international traffic.
3. The provisions of the preceding paragraphs shall also apply to profits from the participation in a pool, a joint business or an international operating agency."