

PROTOCOL

At the moment of signing the Convention between Canada and Spain for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital, the undersigned have agreed upon the following provisions which shall be an integral part of the Convention:

1. With respect to paragraph 1 of Article IX, it is understood that a Contracting State is not obliged to apply the provisions of this paragraph in the case of fraud, willful default or evasion.

2. With respect to Article XI, the Spanish Official Credit Institutions referred to in paragraph 1(b) of that Article are the following:

- The External Bank of Spain
- The Industrial Credit Bank
- The Credit Bank for Construction

It is also understood that the provisions of paragraph 7 of Article XI shall not apply to any other financial institution as is specified and agreed in letters exchanged between the competent authorities of the Contracting States.

3. With respect to Article XIV, it is understood that the provisions of subparagraphs 1 and 2 of paragraph 1 shall not apply to income derived by a Contracting State from a general commission agent or any other agent of an independent status.

4. With respect to Article XVII and XIX, it is understood that persons and property of any kind owned or controlled by the Spanish State or a political subdivision or a local authority, or to any individual in respect of which a Contracting State or a political subdivision of a Contracting State is the beneficial owner, shall be taxable only in Spain.

5. With respect to Article XXI, it is understood that income derived by a resident of Spain from a trust of an estate which is a resident of Canada may be taxed in Canada in accordance with its law, however divided that income is, provided that the tax so charged shall not exceed 15 per cent of the gross amount of the income.

6. It is understood that nothing in this Convention shall be construed as precluding Canada from imposing a tax on amounts included in the income of a resident of Canada, according to section 91 of the Canadian Income Tax Act.