

PROTOCOL

At the moment of signing the Convention between Canada and the Republic of Tunisia for the Avoidance of Double Taxation 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 reference to paragraph 3 of Article VII, it is understood that no deduction shall be allowed in respect of amounts, if any, paid by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, or by way of commission (otherwise than towards reimbursement of actual expenses) for specific services performed or for management, or by way of interest on moneys lent to the permanent establishment. Likewise, no account shall be taken, in the determination of the profits of a permanent establishment, for amounts charged by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, or by way of commission (otherwise than towards reimbursement of actual expenses) for specific services performed or for management, or by way of interest on moneys lent to the head office of the enterprise or any of its other offices.
2. With respect to paragraph 6 of Article X, it is understood that the additional tax referred to therein represents
 - (a) in the case of Canada, the additional tax on corporations (other than Canadian corporations) carrying on business in Canada; and
 - (b) in the case of Tunisia, the tax on income from securities levied in accordance with the proportion method in respect of distributed profits attributable to a permanent establishment in Tunisia.
3. With respect to paragraph 1 of Article XXVII, it is understood that, in accordance with its taxation laws, Canada shall allow for the purposes of computing the income of a company which is resident of Canada the deduction of losses incurred by a permanent establishment of that company situated in Tunisia, so long as such losses will be deductible in Tunisia for the purposes of determining the profits attributable to that permanent establishment during one of the three years immediately following that in which the loss concerned has been incurred.