

2. Paragraph 1(f) of Article 3 of the Convention shall be deleted and replaced by the following:

- “(f) the term “competent authority” means:
  - (i) in the case of Canada, the Minister of National Revenue or the Minister’s authorised representative;
  - (ii) in the case of the United Kingdom, the Commissioners for Her Majesty’s Revenue and Customs or their authorised representative;”

3. The following new subparagraph shall be added to paragraph 1 of Article 3:

- “(i) the term “international traffic” means any transport by a ship or aircraft operated by an enterprise of a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State.”

## ARTICLE II

Paragraph 1 of Article 4 of the Convention shall be deleted and replaced by the following:

“1. For the purposes of this Convention, the term “resident of a Contracting State” means any person who, under the laws of that State, is liable to taxation therein by reason of his domicile, residence, place of management, place of incorporation or any other criterion of a similar nature. This term also includes that State and any political subdivision or local authority thereof, or any agency or instrumentality of that State, subdivision or local authority. But this term does not include any person who is liable to tax in that Contracting State in respect only of income from sources therein.”

## ARTICLE III

Article 7 of the Convention shall be deleted and replaced by the following:

### “ARTICLE 7

#### **Business Profits**

1. Profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits that are attributable to the permanent establishment in accordance with the provisions of paragraph 2 may be taxed in that other State.