

- 2) interest on sums generated directly from the .  
operation of ships or aircraft in international  
traffic provided that such interest is incidental  
to the operation and the other income from such  
operation is exempt from tax by one of the  
Contracting Parties by virtue of this Agreement.
- (D) The term "operation of ships or aircraft in international  
traffic" includes, but is not limited to:
- 1) the charter or rental of ships or aircraft,
  - 2) the rental of containers and related equipment,  
and
  - 3) the alienation of ships, aircraft, containers and  
related equipment, provided that such charter,  
rental or alienation is incidental to the operation  
of ships or aircraft in international traffic.
- (E) The term "taxes" includes all levies based on income and  
capital imposed by the Republic of Venezuela or Canada,  
as the case may be. It does not include municipal taxes  
in Venezuela. However, should Venezuela grant a  
reduction or exemption from its municipal taxes to a  
third state, such reduction or exemption shall  
automatically be applied to Canadian enterprises.
- (F) Any term not otherwise defined shall, unless the context  
otherwise requires, be given the meaning by each  
Contracting Party which it has for the purposes of the  
laws of the Contracting Party relating to the taxes which  
are the subject of this Agreement.

### ARTICLE III

The Contracting Parties shall notify each other through diplomatic  
channels when the constitutional requirements for the entry into  
force of this Agreement have been satisfied. The Agreement shall  
enter into force on the date of the latter of these notifications  
and shall take effect with respect to taxation years commencing on  
or after January 1, 1988.

XBS