

(h) The term "competent authorities" means in the case of Canada, the Minister of National Revenue or his authorised representative, in the case of the Federal Republic the Federal Minister of Finance.

(2) In the application of the provisions of this Convention by one of the contracting States any term not otherwise defined in this Convention shall, unless the context otherwise requires, have the meaning which it has under the laws in force in the territory of that State relating to the taxes which are the subject of this Convention.

### ARTICLE III

(1) The industrial or commercial profits of an enterprise of one of the territories shall not be subject to tax in the other territory unless the enterprise carries on a trade or business in the other territory through a permanent establishment situated therein. If it carries on a trade or business in that other territory through a permanent establishment situated therein, tax may be imposed on those profits in the other territory but only on so much of them as is attributable to that permanent establishment.

(2) The share of the industrial or commercial profits of an undertaking accruing to a partner therein who is a resident of one of the territories shall likewise not be subject to tax in the other territory unless the undertaking carries on a trade or business in that other territory through a permanent establishment situated therein. If it carries on a trade or business in that other territory through a permanent establishment situated therein tax may be imposed in the other territory on the share of the profits accruing to that partner, but only on so much as represents his share of the profits attributable to the permanent establishment.

(3) Where an enterprise of one of the territories carries on a trade or business in the other territory through a permanent establishment situated therein, there shall be attributed to that permanent establishment the industrial or commercial profits which it might be expected to derive in that other territory if it were an independent enterprise engaged in the same or similar activities under the same or similar conditions and dealing at arm's length with the enterprise of which it is a permanent establishment.

(4) In determining industrial or commercial profits of a permanent establishment there shall be allowed as deductions all expenses reasonably allocable to the permanent establishment, including executive and general administrative expenses so allocable.

(5) Paragraphs (1) and (2) shall not be construed as preventing one of the contracting States from imposing pursuant to this Convention a tax on income (e.g. dividends interest, rents or royalties) derived from sources within its territory by a resident of the other territory if such income is not attributable to a permanent establishment in the first-mentioned territory.

(6) The competent authorities of the two contracting States may lay down rules by agreement for the apportionment of industrial or commercial profits.

### ARTICLE IV

Where

(a) the person carrying on an enterprise of one of the territories participates directly or indirectly in the management, control or capital of an enterprise of the other territory, or