

PROTOCOL

At the moment of signing the Convention this day concluded between Canada and the Portuguese Republic for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, the undersigned have agreed upon the following provisions which shall be an integral part of the Convention.

1. With reference to Article 3, paragraph 1(j), and Articles 5 and 8, ferry-boats, deep-sea ferry-boats or other vessels devoted principally to the transportation of passengers or goods exclusively between places in a Contracting State shall, when so operated, be deemed not to be operated in international traffic; the landing site or sites situated in a Contracting State and used regularly in such operation by such boats or vessels shall constitute a permanent establishment in that State of the enterprise operating such boats or vessels.
2. With reference to Article 6, it is understood that its provisions shall also apply to income from immovable property and services which, according to the tax legislation of the Contracting State in which the property in question is situated, is assimilated to income from immovable property.
3. With reference to Article 6, paragraph 3, it is understood that its provisions shall also apply to income from the alienation of property referred to therein.
4. With reference to Article 7, paragraph 1, it is understood that the profits attributable to a permanent establishment in a Contracting State may be taxed in that State even though the permanent establishment has ceased to exist.
5. With reference to Article 7, paragraph 3, the term "expenses which are incurred for the purposes of the permanent establishment" refers to expenses directly related to the activity of the permanent establishment which are deductible under the laws of the Contracting State in which the permanent establishment is situated.
6. With reference to Article 9, paragraph 2, it is understood that the State being asked to make the adjustment to income is required to do it only if it considers that the adjustment made in the other Contracting State is justified in principle and in its amount.
7. With reference to Article 10, paragraph 3, the term "dividends" also means, in the case of Portugal, profits attributable or paid under an arrangement for participation in profits (*associação em participação*).
8. With reference to Article 12, it is understood that its provisions shall also apply to remuneration for technical assistance where such assistance is related to the use of, or the right to use, rights, property or information referred to in paragraph 3 of that Article.
9. With reference to paragraph 6 of Article 13, it is agreed that, if the Canadian legislation concerning the taxation of former residents is amended in the sense of the Canadian announcement of December 23, 1998 (Communique no. 98-134), the provisions of paragraph 6 of Article 13 will automatically be replaced by the following: