

AGREEMENT BETWEEN CANADA AND THE UNITED KINGDOM FOR RECIPROCAL EXEMPTION OF CERTAIN AGENCY PROFITS FROM INCOME TAX

(Signed at Ottawa the 3rd October, 1935)

His Majesty's Government in Canada and His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland, being desirous of concluding an agreement for reciprocal exemption from income tax in certain cases of profit or gains arising through an agency, have agreed as follows:—

Article 1

His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland undertake that the profits or gains to which this Article relates shall, so long as the exemption specified in Article 2 hereof remains effective, be exempted from Income Tax (including Sur-tax) chargeable in the United Kingdom for the year of assessment commencing on the sixth day of April, nineteen hundred and thirty, and for every subsequent year of assessment, and will take the necessary action under section seventeen of the Act of Parliament of the United Kingdom known as the Finance Act, 1930, with a view to giving the force of law to the exemption aforesaid.

The profits or gains to which this Article relates are any profits or gains from the sale of goods, other than things in action and money, arising, whether directly or indirectly, through an agency in the United Kingdom, to a person who is resident in Canada and is not resident in the United Kingdom, unless the profits or gains either—

- (1) arise from the sale of goods from a stock in the United Kingdom, or
- (2) accrue directly or indirectly through any branch or management in the United Kingdom or through an agency in the United Kingdom where the agent has and habitually exercises a general authority to negotiate and conclude contracts.

Article 2

His Majesty's Government in Canada undertake that the profits or gains to which this Article relates shall, so long as the exemption specified in Article 1 hereof remains effective, be exempted from income tax chargeable by the Dominion of Canada in respect of the 1930 taxation period and fiscal periods ending therein, and thereafter, and will take the necessary action under subsection 3 of section 27A of the Income War Tax Act as enacted by section 14 of Chapter 55 of the Statutes of 1934 with a view to giving the force of law to the exemption aforesaid.

The profits or gains to which this Article relates are any profits or gains from the sale of goods, other than things in action and money, arising, whether directly or indirectly, through an agency in Canada to a person who is resident in the United Kingdom and is not resident in Canada, unless the profits or gains either—

- (1) arise from the sale of goods from a stock in Canada, or
- (2) accrue directly or indirectly through any branch or management in Canada, or through an agency in Canada where the agent has and habitually exercises a general authority to negotiate and conclude contracts.