

CANADA

**EXCHANGE OF NOTES (NOVEMBER 30, 1966) BETWEEN THE GOVERNMENT OF
CANADA AND THE GOVERNMENT OF ISRAEL FOR THE PREVENTION OF
DOUBLE TAXATION OF INCOME DERIVED FROM THE OPERATION OF SHIPS
OR AIRCRAFT**

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The Ambassador of Israel to the Secretary of State for External Affairs

EMBASSY OF ISRAEL

November 30, 1966.

SIR:

I have the honour to refer to discussions between representatives of our two Governments for the conclusion of an Agreement for the avoidance of double taxation of income derived from the operation of ships or aircraft.

On instructions from my Government, I have the honour to propose that an Agreement be concluded between the Government of Israel and the Government of Canada having the following terms:

- (1) The Government of Israel shall exempt, from income tax and all other taxes on income imposed in Israel, all income derived by a Canadian enterprise from the operation by that enterprise of ships or aircraft in international traffic.
- (2) The Government of Canada shall exempt, from income tax and all other taxes on income imposed by it, all income derived by an Israeli enterprise from the operation by that enterprise of ships or aircraft in international traffic.
- (3) For the purpose of this Agreement, unless the context otherwise requires, the term:
 - (a) "Canadian enterprise" shall mean the Government of Canada, a physical person ordinarily resident in Canada and not ordinarily resident in Israel, and a corporation or a partnership managed and controlled in Canada;
 - (b) "Israeli enterprise" shall mean the Government of Israel, a physical person ordinarily resident in Israel and not ordinarily resident in Canada, and a body of persons managed and controlled in Israel;
 - (c) "the operation of ships or aircraft" shall mean the business of transporting persons, livestock, goods or mail, by ship or aircraft owned or chartered by a Canadian or an Israeli enterprise, respectively; and
 - (d) "international traffic" shall include traffic between places in one country in the course of a voyage or flight that extends over more than one country.
- (4) As regards the application of this Agreement by one of the Contracting Governments, any term not otherwise defined shall, unless the