PROTOCOL

At the moment of signing the Agreement between Canada and the Republic of Turkey for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital, the undersigned have agreed upon the following provisions which shall constitute an integral part of the Agreement.

1. The Agreement shall not apply to any company, trust or other entity that is a resident of a Contracting State and is beneficially owned or controlled, directly or indirectly, by one or more persons who are not residents of that State, if the amount of the tax imposed on the income or capital of the company, trust or other entity by that State (after taking into account any reduction or offset of the amount of tax in any manner, including a refund, reimbursement, contribution, credit or allowance to the company, trust, or other entity or to any other person) is substantially lower than the amount that would be imposed by that State if all of the shares of the capital stock of the company or all of the interests in the trust or other entity, as the case may be, were beneficially owned by one or more individuals who were residents of that State.

2. With reference to paragraph 1 of Article 6, it is understood that, in the case of immovable property situated in Canada, the provisions of that paragraph shall also apply to income from the alienation of immovable property.

3. With reference to Article 7, it is understood that, where an enterprise of a Contracting State has a permanent establishment in the other Contracting State, and the enterprise

(a) effects sales in that other State of goods or merchandise of the same or similar kind as those sold through that permanent establishment, or

(b) carries on other business activities in that other State of the same or similar kind as those effected through that permanent establishment

profits derived from such sales and business activities may be taxed in that other Contracting State as part of the profits of the permanent establishment to the extent that the same or similar kind of sales or activities have been effected through the permanent establishment. However, the profits derived from such sales or activities shall not be taxed in that other Contracting State if the enterprise can prove that the sales or the activities have been carried on for other purposes than achieving benefits under this Agreement.