

PROTOCOL

At the time of signing the *Agreement between the Government of Canada and the Government of the Hong Kong Special Administrative Region of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income* (the "Agreement"), the two Governments have agreed upon the following provisions which shall form an integral part of the Agreement:

General

1. For purposes of the Agreement, it is understood that the term "right of abode" in relation to the Hong Kong Special Administrative Region has the meaning it has under the Immigration Ordinance applicable to the Hong Kong Special Administrative Region, as amended from time to time without affecting the general principle thereof.

With reference to Article 2 (Taxes Covered)

2. It is understood that the terms "Hong Kong Special Administrative Region tax" and "Canadian tax" do not include any penalty or interest (including, in the case of the Hong Kong Special Administrative Region, any sum added to the Hong Kong Special Administrative Region tax by reason of default and recovered therewith and "additional tax" under Section 82A of the Inland Revenue Ordinance) imposed under the laws of either Party relating to the taxes to which the Agreement applies by virtue of Article 2 (Taxes Covered).

With reference to Article 10 (Dividends)

3. It is understood that the term "earnings" in paragraph 6 of Article 10 (Dividends) does not include business profits attributable to a permanent establishment in a Party or income from the trading of immoveable property in a Party that have been re-invested in that Party as determined in accordance with the law of that Party.

With reference to Article 24 (Exchange of Information)

4. For the purposes of Article 24 (Exchange of Information), it is understood that:
- (a) the Article does not require the Parties to exchange information on an automatic or a spontaneous basis;
 - (b) information exchanged shall not be disclosed to any third jurisdiction for any purpose; and