

Enclosure

**MEMORANDUM OF AGREEMENT BETWEEN CANADA AND  
NEW ZEALAND FOR RECIPROCAL EXEMPTION OF  
CERTAIN AGENCY PROFITS FROM  
INCOME TAX**

His Majesty's Government in Canada and His Majesty's Government in New Zealand, being desirous of concluding an agreement for reciprocal exemption from income tax in certain cases of profits or gains arising through an agency, have agreed as follows:—

**ARTICLE 1**

His Majesty's Government in New Zealand 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 chargeable in New Zealand for the year of assessment commencing on the first day of April, nineteen hundred and forty-three, and for every subsequent year of assessment, and will take the necessary action under Section eleven of the Act of Parliament of New Zealand known as the Land and Income Tax Amendment Act, 1935, 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 New Zealand to a person who is resident in Canada and is not resident in New Zealand, unless the profits or gains either—

- (1) arise from the sale of goods from a stock in New Zealand, or
- (2) accrue directly or indirectly through any branch or management in New Zealand or through an agency in New Zealand 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 Canada in respect of the 1943 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 New Zealand 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.