

## PROTOCOL

At the moment of signing the Convention this day concluded between the Government of Canada and the Government of the United Mexican States for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, the undersigned have agreed upon the following provisions which shall be an integral part of the Convention.

1. Notwithstanding the provisions of Article 2 of the Convention, residents of Canada, whose profits derived from Mexico are not taxable in Mexico in accordance with the provisions of Article 8 of the Convention, shall not be taxed under the Mexican Assets Tax Law on the assets used to produce such profits.
2. For the purposes of paragraph 6 of Article 11 of the Convention, in the case of Mexico, when the indebtedness is contracted by a resident of a Contracting State, and distributed between different permanent establishments situated in different countries, interest shall be deemed to arise in the Contracting State in which the permanent establishment that bears the payment of the interest is situated.
3. For the purposes of paragraph 8 of Article 12 of the Convention, in the case of Mexico, when the obligation to pay the royalties is contracted by a resident of a Contracting State and the right or property is effectively connected with different permanent establishments situated in different countries, royalties shall be deemed to arise in the Contracting State in which the permanent establishment that bears the payment of the royalties is situated.
4. With respect to Article 16 of the Convention, it is understood that income in respect of personal activities referred to in that Article includes income derived from the performance of independent personal services, the direct use, letting, or use in any other form of goods or the alienation thereof, where such income is related to the activities exercised by an entertainer or a sportsperson.
5. For the purposes of Articles 6 and 13 of the Convention it is understood that the term "immovable property situated in the other Contracting State" includes any right that allows the use or enjoyment of immovable property situated in that other Contracting State where that use or enjoyment relates to time sharing.
6. It is understood that the principles for exchanging information contained in the 1990 Convention and the obligations and undertakings of the Contracting States thereunder are continued under the provisions of this Convention.