No. 52660*

Canada
and
Italy

Exchange of Notes between the Government of Canada and the Government of Italy constituting an Agreement for the avoidance of double taxation of income derived from the operation of aircrafts. Ottawa, 29 October 1974

Entry into force: *2 November 1977 by notification, in accordance with the provisions of the said notes*

Authentic texts: *English, French and Italian*

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Note: *See also annex A, No. 52660.*

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Canada
et
Italie

Échange de notes entre le Gouvernement du Canada et le Gouvernement de l'Italie constituant un Accord tendant à éviter la double imposition des revenus provenant de l'exploitation d'aéronefs. Ottawa, 29 octobre 1974

Entrée en vigueur : *2 novembre 1977 par notification, conformément aux dispositions des dites notes*

Textes authentiques : *anglais, français et italien*

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Note : *Voir aussi annexe A, No. 52660.*

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[ENGLISH TEXT – TEXTE ANGLAIS]

EXCHANGE OF NOTES BETWEEN THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF ITALY CONSTITUTING AN AGREEMENT FOR THE AVOIDANCE OF DOUBLE TAXATION OF INCOME DERIVED FROM THE OPERATION OF AIRCRAFT

I

The Secretary of State for External Affairs for Canada to the Ambassador of Italy

Ottawa, October 29, 1974

No. FLA-572

Excellency,

I have the honour to refer to the discussions between representatives of our two Governments relating to the conclusion of an agreement for the avoidance of double taxation of income derived from the operation of aircraft and to propose that the matter be governed by the following provisions:

(1) Income derived by a Canadian enterprise from the operation by it of an aircraft in international traffic shall be exempt from any income or profits tax imposed by the Italian State;

(2) Income derived by an Italian enterprise from the operation by it of an aircraft in international traffic shall be exempt from any income or profits tax imposed by the Government of Canada;

(3) The provisions of paragraphs (1) and (2) shall also apply in respect of the income derived from the operation of an aircraft in international traffic by a Canadian enterprise or an Italian enterprise as a participant in a pool, a joint business or in an international operating agency;

(4) Unless the context otherwise requires, the expression:

(a) "Canadian enterprise" means the Government of Canada and any agency thereof, an individual who is resident in Canada for the purposes of Canadian income tax and not resident in Italy for the purposes of Italian income tax and any other person or body of persons, corporate or not corporate, organized under the laws of Canada or of a province of Canada and having its place of effective management in Canada;

(b) "Italian enterprise" means the Italian Government and the Italian public agencies either national or local, an individual who is resident in Italy for the purposes of Italian income tax and not resident in Canada for the purposes of Canadian income tax and any other person or body of persons, corporate or not corporate, organized under Italian law and having its place of effective management in Italy;

(c) "Operation of an aircraft" means the business of transportation by air of persons, livestock, goods or mail carried on by the owner or operator of an aircraft, including the business of selling passage tickets and any other activity also directly connected with such transportation;

(d) "International traffic" means any transport by an aircraft operated by an Italian or Canadian enterprise, except when the aircraft is operated solely between places in the territory of Italy or Canada.

(5) In the application of the preceding provisions by the taxation authorities of either country, any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that country relating to the taxes which are the subject of the said provisions.

If the foregoing proposals are acceptable to the Italian Government, I have the honour to propose that this Note, which is authentic in English and French, and your Excellency's reply, which will be authentic in Italian, shall constitute an Agreement between the Government of Canada and the Government of Italy.

This Agreement shall enter into force on the date when the two Governments will have notified each other by a subsequent Exchange of Notes that they have obtained whatever internal approval each may require to give effect to this Agreement. It is understood that the provisions of paragraphs (1), (2) and (3) shall take effect for taxation years commencing on or after January 1, 1970.

This Agreement may be terminated by either of our two Governments by giving notice of termination in writing to the other Government on or before the 30th day of June in any calendar year. In such event the Agreement shall cease to have effect for the taxation years commencing on or after the first day of January of the year following that in which the notice of termination is given.

Accept, Excellency, the assurances of my highest consideration.

ALLAN J. MACEACHEN,
Secretary of State
for External Affairs.

His Excellency
Baron Maurizio de Strobel,
Ambassador of Italy.

[FRENCH TEXT – TEXTE FRANÇAIS]

ÉCHANGE DE NOTES ENTRE LE GOUVERNEMENT DU CANADA ET LE GOUVERNEMENT DE L'ITALIE CONSTITUANT UN ACCORD TENDANT À ÉVITER LA DOUBLE IMPOSITION DES REVENUS PROVENANT DE L'EXPLOITATION D'AÉRONEFS

I

Le secrétaire d'État aux Affaires extérieures du Canada à l'ambassadeur d'Italie

Ottawa, le 9*octobre 1974

No FLA-572

Excellence,

J'ai l'honneur de me référer aux discussions qui ont eu lieu entre les représentants de nos deux gouvernements concernant la conclusion d'un Accord tendant à éviter la double imposition des revenus provenant de l'exploitation d'aéronefs et de proposer que soit conclu un Accord conçu dans les termes suivants:

1) Le revenu obtenu par une entreprise canadienne de l'exploitation par elle d'un aéronef en trafic international sera exempt de tout impôt sur le revenu ou taxe sur les profits levés par l'État italien;

2) Le revenu obtenu par une entreprise italienne de l'exploitation par elle d'un aéronef en trafic international sera exempt de tout impôt sur le revenu ou taxe sur les profits levés par le gouvernement du Canada;

3) Les dispositions des alinéas 1) et 2) s'appliqueront également au revenu provenant de l'exploitation d'un aéronef en trafic international par une entreprise canadienne ou une entreprise italienne participant à une mise en commun, à une entreprise conjointe ou à une agence internationale d'exploitation;

4) A moins que le contexte n'exige une interprétation différente, les expressions:
   a) «entreprise canadienne» désigne le Gouvernement du Canada et toute agence du Gouvernement canadien, un particulier résidant au Canada aux fins de l'impôt sur le revenu canadien et ne résidant pas en Italie aux fins de l'impôt sur le revenu italien et toute autre personne ou groupe de personnes constitué ou non en corporation sous l'empire des lois du Canada ou d'une province canadienne et dont le contrôle et l'administration sont situés au Canada;
   b) «entreprise italienne» désigne le Gouvernement de l'Italie et les agences publiques italiennes nationales ou locales, un particulier résidant en Italie aux fins de l'impôt sur le revenu italien et ne résidant pas au Canada aux

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