

No. 8973

**ISRAEL
and
CANADA**

**Exchange of notes constituting an agreement for the avoidance
of double taxation on income derived from the operation
of ships or aircraft. Ottawa, 30 November 1966**

Official texts: English and French.

Registered by Israel on 13 February 1968.

**ISRAËL
et
CANADA**

**Échange de notes constituant un accord tendant à éviter la
double imposition des revenus provenant de l'exploita-
tion de navires ou d'aéronefs. Ottawa, 30 novembre
1966**

Textes officiels anglais et français.

Enregistré par Israël le 13 février 1968.

No. 8973. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN ISRAEL AND CANADA FOR THE AVOIDANCE OF DOUBLE TAXATION ON INCOME DERIVED FROM THE OPERATION OF SHIPS OR AIRCRAFT. OTTAWA, 30 NOVEMBER 1966

I

EMBASSY OF ISRAEL

November 30, 1966

Sir:

I have the honour to refer to discussions between representatives of our two Governments for the conclusion of an Agreement for the avoidance of double taxation of income derived from the operation of ships or aircraft.

On instructions from my Government, I have the honour to propose that an Agreement be concluded between the Government of Israel and the Government of Canada having the following terms:

(1) The Government of Israel shall exempt, from income tax and all other taxes on income imposed in Israel, all income derived by a Canadian enterprise from the operation by that enterprise of ships or aircraft in international traffic.

(2) The Government of Canada shall exempt, from income tax and all other taxes on income imposed by it, all income derived by an Israeli enterprise from the operation by that enterprise of ships or aircraft in international traffic.

(3) For the purpose of this Agreement, unless the context otherwise requires, **the** term:

(a) "Canadian enterprise" shall mean the Government of Canada, a physical person ordinarily resident in Canada and not ordinarily resident in Israel, and a corporation or a partnership managed and controlled in Canada;

(b) "Israeli enterprise" shall mean the Government of Israel, a physical person ordinarily resident in Israel and not ordinarily resident in Canada, and a body of persons managed and controlled in Israel;

¹ Came into force on 30 November 1966 by the exchange of the said notes.

- (c) "the operation of ships or aircraft" shall mean the business of transporting persons, livestock, goods or mail, by ship or aircraft owned or chartered by a Canadian or an Israeli enterprise, respectively; and
- (d) "international traffic" shall include traffic between places in one country in the course of a voyage or flight that extends over more than one country.

(4) As regards the application of this Agreement by one of the Contracting Governments, any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting Government relating to the taxes which are the subject of this Agreement.

(5) This Agreement shall become effective with respect to taxation years commencing on or after the 1st day of January 1965.

(6) This Agreement shall continue in effect indefinitely but may be terminated on the 1st day of January of any calendar year after 1967 by either of the Contracting Governments if that Contracting Government has given at least six months' notice in writing before that day to the other Contracting Government. In such event the Agreement shall cease to be effective with respect to any taxation year commencing in or after that calendar year.

If the foregoing proposals are acceptable to your Government, I have the honour to propose that this Note and your reply shall constitute an Agreement between our two Governments which will enter into force upon the date of your reply.

Yours sincerely,

Gershon AVNER
Ambassador of Israel

The Hon. Paul Martin, P.C., M.P.
Secretary of State for External Affairs
East Block, Parliament Buildings
Ottawa 4, Ontario

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DEPARTMENT OF EXTERNAL AFFAIRS — MINISTÈRE DES AFFAIRES EXTÉRIEURES
CANADA

Ottawa, November 30, 1966

Excellency,

I have the honour to refer to your Note of November 30 proposing an agreement between our two Governments for the avoidance of double taxation on income

derived from the operation of ships or aircraft. The terms proposed in your Note are acceptable to the Government of Canada, and I have the honour to confirm that your Note and this reply, which is authentic in English and French, shall constitute an agreement between the Government of Canada and the Government of Israel, to be effective from the date of this reply.

Accept, Excellency, the assurances of my highest consideration.

Paul MARTIN
Secretary of State
for External Affairs

His Excellency Mr. G. Avner
Ambassador of Israel
Embassy of Israel
Ottawa