

**No. 32668**

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**CANADA  
and  
VENEZUELA**

**Agreement for the avoidance of double taxation regarding  
shipping and air transport. Signed at Caracas on  
26 June 1990**

*Authentic texts: English, French and Spanish.*

*Registered by Canada on 27 February 1996.*

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**CANADA  
et  
VENEZUELA**

**Accord tendant à éviter la double imposition dans le domaine  
du transport maritime et aérien. Signé à Caracas le  
26 juin 1990**

*Textes authentiques : anglais, français et espagnol.*

*Enregistré par le Canada le 27 février 1996.*

AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF CANADA AND  
THE GOVERNMENT OF THE REPUBLIC OF VENEZUELA FOR  
THE AVOIDANCE OF DOUBLE TAXATION REGARDING SHIP-  
PING AND AIR TRANSPORT

THE CONTRACTING PARTIES

DESIRING to conclude an agreement for the avoidance of double taxation in respect of the operation of ships and aircraft in international traffic;

HAVING EXAMINED and verified the reciprocity of legal treatment concerning the taxation of such operations;

HAVE AGREED AS FOLLOWS:

ARTICLE I

1. Canada shall exempt Venezuelan enterprises from all taxes on capital relating to, and on income derived from, the operation of ships or aircraft in international traffic.
2. The Republic of Venezuela shall exempt Canadian enterprises from all taxes on capital relating to, and on income derived from, the operation of ships or aircraft in international traffic.
3. The exemptions provided in paragraphs 1 and 2 above shall also apply to income derived from, or capital relating to, the participation of Canadian or Venezuelan enterprises in pools, joint businesses or international operating agencies.
4. In no case shall paragraphs 1, 2 and 3 apply to income not directly derived from or relating to the operation of ships or aircraft in international traffic.

<sup>1</sup> Came into force on 13 July 1993, the date of the last of the notifications by which the Parties informed each other of the completion of the constitutional requirements, in accordance with article III.

ARTICLE II

For the purposes of this Agreement:

- (A) The expression "Venezuelan enterprises" means enterprises of:
- 1) the Government of Venezuela,
  - 2) individuals, other than nationals of Canada, resident in Venezuela for the purposes of taxes imposed by the Government of Venezuela and not resident in Canada, or
  - 3) corporations, groups of persons or other entities organized under the laws of Venezuela and resident in Venezuela for the purposes of taxes imposed by the Government of Venezuela.
- (B) The expression "Canadian enterprises" means enterprises of:
- 1) The Government of Canada,
  - 2) individuals, other than nationals of Venezuela, resident in Canada for the purposes of taxes imposed by the Government of Canada and not resident in Venezuela, or
  - 3) corporations, groups of persons or other entities organized under the laws of Canada, and resident in Canada for the purposes of taxes imposed by the Government of Canada.
- (C) The term "income" includes:
- 1) profits, net profits, gross receipts and revenues derived directly from the operation of ships or aircraft in international traffic, and
  - 2) interest on sums generated directly from the operation of ships or aircraft in international traffic provided that such interest is incidental to the operation and the other income from such operation is exempt from tax by one of the Contracting Parties by virtue of this Agreement.

- (D) The term "operation of ships or aircraft in international traffic" includes, but is not limited to:
- 1) the charter or rental of ships or aircraft,
  - 2) the rental of containers and related equipment, and
  - 3) the alienation of ships, aircraft, containers and related equipment, provided that such charter, rental or alienation is incidental to the operation of ships or aircraft in international traffic.
- (E) The term "taxes" includes all levies based on income and capital imposed by the Republic of Venezuela or Canada, as the case may be. It does not include municipal taxes in Venezuela. However, should Venezuela grant a reduction or exemption from its municipal taxes to a third state, such reduction or exemption shall automatically be applied to Canadian enterprises.
- (F) Any term not otherwise defined shall, unless the context otherwise requires, be given the meaning by each Contracting Party which it has for the purposes of the laws of the Contracting Party relating to the taxes which are the subject of this Agreement.

### ARTICLE III

The Contracting Parties shall notify each other through diplomatic channels when the constitutional requirements for the entry into force of this Agreement have been satisfied. The Agreement shall enter into force on the date of the latter of these notifications and shall take effect with respect to taxation years commencing on or after January 1, 1988.

### ARTICLE IV

This Agreement shall remain in force for an indefinite period. However, either Contracting Party may, on or before June 30 of any calendar year after the year 1990, give notice of termination of the Agreement to the other Contracting Party. In such event, the Agreement shall cease to be effective for taxation years beginning

on or after the first day of January in the calendar year following that in which the notice is given.

**ARTICLE V**

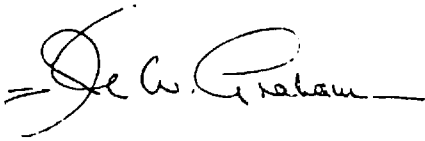
Both Parties agree to negotiate through diplomatic channels to solve any dispute arising from the interpretation or the application of the Agreement.

In Witness Whereof, the undersigned, being duly authorized thereto by their respective Governments have signed this Agreement.

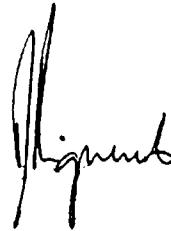
Done in duplicate at Caracas, this twenty-sixth day of June, nineteen hundred and ninety, in the English, French and Spanish languages, each being equally authentic.

For the Government  
of Canada:

For the Government  
of the Republic of Venezuela:



JOHN W. GRAHAM



REINALDO FEGUERODO PLANCHART