

(2) The term "industrial or commercial profits," as used in the present Agreement, includes manufacturing, mercantile, mining, financial and farming profits but does not include income in the form of dividends, interest, rents or royalties, management charges, or remuneration for labour or personal services.

(3) The terms "New Zealand tax" and "Canadian tax," as used in the present Agreement, do not include any amount payable in New Zealand or Canada which represents a penalty imposed under the law of New Zealand or Canada relating to the taxes which are the subject of the present Agreement.

(4) In the application of the provisions of the present 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 the present Agreement.

ARTICLE III

(1) The industrial or commercial profits of a New Zealand enterprise shall not be subject to Canadian tax unless the enterprise is engaged in trade or business in Canada through a permanent establishment situated therein. If it is so engaged, tax may be imposed on those profits by Canada, but only on so much of them as is attributable to that permanent establishment: Provided that nothing in this paragraph shall affect any provisions of the law of Canada regarding the taxation of income from the business of insurance.

(2) The industrial or commercial profits of a Canadian enterprise shall not be subject to New Zealand tax unless the enterprise is engaged in trade or business in New Zealand through a permanent establishment situated therein. If it is so engaged, tax may be imposed on those profits by New Zealand, but only on so much of them as is attributable to that permanent establishment: Provided that nothing in this paragraph shall affect any provisions of the law of New Zealand regarding the taxation of income from the business of insurance.

(3) Where an enterprise of one of the territories is engaged in trade or business in the other territory through a permanent establishment situated therein, there shall be attributed to such permanent establishment the industrial or commercial profits which it might be expected to derive if it were an independent enterprise engaged in the same or similar activities and dealing at arm's length with the enterprise of which it is a permanent establishment, and the profits so attributed shall be deemed to be income derived from sources in that other territory.