

3. Notwithstanding the provisions of paragraph 2:

- (a) copyright royalties and other like payments in respect of the production or reproduction of any literary, dramatic, musical or other artistic work (but excluding royalties in respect of motion picture films and royalties in respect of works on film, videotape or other means of reproduction for use in connection with television broadcasting); and
- (b) royalties for the use of, or the right to use, computer software or any patent or for information concerning industrial, commercial or scientific experience (but not including any such royalty provided in connection with a rental or franchise agreement);

arising in a Contracting State and paid to a resident of the other Contracting State who is the beneficial owner of the royalties shall be taxable only in that other State.

4. The term “royalties” as used in this Article means payments of any kind received as a consideration for:

- (a) the use of, or the right to use, any copyright, patent, trade mark, design or model, plan, secret formula or process, or computer software; or
- (b) information concerning industrial, commercial or scientific experience; or
- (c) the use of, or the right to use:
 - (i) motion picture films; or
 - (ii) films or videotapes or other means of reproduction for use in connection with television; or
- (d) the use of, or the right to use, industrial, commercial or scientific equipment.

However, for the purposes of subparagraph d), the term “royalties” does not include income dealt with in Article 8 (Shipping and Air Transport).

5. The provisions of paragraphs 1, 2 and 3 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise, through a permanent establishment situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 (Business Profits) shall apply.

6. Royalties shall be deemed to arise in a Contracting State when the payer is a resident of that State. Where, however, the person paying the royalties, whether the payer is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the obligation to pay the royalties was incurred, and such royalties are borne by such permanent establishment, then such royalties shall be deemed to arise in the State in which the permanent establishment is situated.