

Article 11

Interest

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.
2. However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the recipient is the beneficial owner of the interest the tax so charged shall not exceed 15 percent of the gross amount of the interest.
3. Notwithstanding the provisions of paragraph 2,
 - (a) interest arising in a Contracting State and paid in respect of a bond, debenture or other similar obligation of the government of that Contracting State or of a political subdivision or local authority thereof shall, provided that the interest is beneficially owned by a resident of the other Contracting State, be taxable only in that other State;
 - (b) interest arising in Tanzania and paid to a resident of Canada shall be taxable only in Canada if it is paid in respect of a loan made, guaranteed or insured, or a credit extended, guaranteed or insured by the Export Development Corporation, as long as it remains wholly-owned by the Government of Canada;
 - (c) interest arising in Canada and paid to a resident of Tanzania shall be taxable only in Tanzania if it is paid in respect of a loan made, guaranteed or insured, or a credit extended, guaranteed or insured by any institution wholly-owned by the Government of Tanzania; and
 - (d) interest arising in a Contracting State and paid to a resident of the other Contracting State who was constituted and is operated exclusively to administer or provide benefits under one or more pension, retirement or other employee benefits plans shall not be taxable in the first-mentioned State provided that