

5. Notwithstanding any provision of this Convention:

- (a) where a company which is a resident of Canada has a permanent establishment in Brazil, this permanent establishment may be subject to a tax withheld at source in accordance with Brazilian law, but such a tax cannot exceed 15 per cent of the gross amount of the profits of that permanent establishment determine after the payment of the corporate tax related to such profits;
- (b) a company which is a resident of Brazil and which has a permanent establishment in Canada shall, in accordance with the provisions of Canadian law, remain subject to the additional tax on companies other than Canadian corporations, but the rate of such tax shall not exceed 15 per cent.

6. Where a company is a resident of a Contracting State, the other Contracting State may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other State or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment situated in that other State, nor subject the company's undistributed profits to any tax, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.

7. The tax rate limitations referred to in paragraphs 2 and 5 (b) of this Article shall not apply to dividends or profits paid before the end of the third calendar year following the year of signature of this Convention.

## ARTICLE XI

### *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 be taxed in the Contracting State in which it arises, and according to the law of that State, but if the recipient is a company which is the beneficial owner of the interest, the tax so charged shall not exceed:

- (a) 10 per cent of the gross amount of the interest arising in Brazil and paid to a resident of Canada in respect of a loan guaranteed or insured by the Export Development Corporation of Canada for a minimum period of 7 years;

- (b) 15 percent in all other cases.

3. Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State and paid to the Government of the other Contracting State, a political