

each Contracting State, due regard being had to the other provisions of this Convention.

7. 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 Austria and paid to a resident of Canada shall be taxable only in Canada with respect to a loan made, guaranteed or insured, or any other debt-claim or credit guaranteed or insured, by the Export Development Corporation;
 - (c) interest arising in Canada and paid to a resident of Austria shall be taxable only in Austria with respect to a loan made, guaranteed or insured, or any other debt-claim or credit guaranteed or insured, by the Osterreichische Kontrollbank AG;
 - (d) interest arising in a Contracting State and paid to the Central Bank of the other Contracting State shall be exempt from tax in the first-mentioned State.

ARTICLE 12

Royalties

1. Royalties 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 royalties may be taxed in the Contracting State in which they arise, and according to the law of that State; but the tax so charged shall, provided that the royalties are taxable in the other Contracting State, not exceed 10 per cent of the gross amount of the royalties.

3. Notwithstanding the provisions of paragraph 2, copyright royalties and other like payments in respect of the production or reproduction of any literary, dramatic, musical or artistic work (but not including royalties in respect of motion picture films and works on films or videotapes for use in connection with television) arising in a Contracting State and paid to a resident of the other Contracting State who is subject to tax thereon 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 the use of, or the right to use, any copyright, patent, trademark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience, and includes payments of any kind in respect of motion picture films and works on films or videotapes for use in connection with television.