

- (a) the earnings attributable to the alienation of such immovable property situated in Canada as may be taxed by Canada under the provisions of Article 6 or of Paragraph 1 of Article 13, and
  - (b) the profits attributable to such permanent establishments in Canada (including gains from the alienation of property forming part of the business property, referred to in Paragraph 2 of Article 13, of such permanent establishments) in accordance with Article 7 in a year and previous years after deducting therefrom:
    - (i) business losses attributable to such permanent establishments (including losses from the alienation of property forming part of the business property of such permanent establishments) in such year and previous years,
    - (ii) all taxes chargeable in Canada on such profits, other than the additional tax referred to herein,
    - (iii) the profits reinvested in Canada, provided that the amount of such deduction shall be determined in accordance with the provisions of the law of Canada, as they may be amended from time to time without changing the general principle hereof, regarding the computation of the allowance in respect of investment in property in Canada, and
    - (iv) five hundred thousand Canadian dollars (\$500,000) or its equivalent in the currency of the Republic of Croatia, less any amount deducted
      - (A) by the company, or
      - (B) by a person related thereto from the same or a similar business as that carried on by the company
- under this clause.

## 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 beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the interest.
3. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures, as well as income which is subjected to the same taxation treatment as income from money lent by the laws of the State in which the income arises. However, the term "interest" does not include income dealt with in Article 8 or Article 10. Penalty charges for late payment shall not be regarded as interest for the purposes of this Article.