

## 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 also be taxed in the Contracting State in which they arise, and according to the laws of that State, but if the recipient is the beneficial owner of the royalties the tax so charged shall not exceed 10 per cent of the gross amount of the royalties.
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 artistic work (but not including royalties in respect of motion picture films and works on film or videotape for use in connection with television) arising in a Contracting State and beneficially owned by a resident of the other Contracting State shall be taxable only in that other State;
  - b) royalties arising in a Contracting State and paid to the government of the other Contracting State shall be taxable only in that other State.
4. Notwithstanding the provisions of paragraph 2, royalties in respect of cultural motion picture films arising in a Contracting State and beneficially owned by a resident of the other Contracting State shall be taxable only in that other State. This provision shall apply only to royalties
  - a) paid to a resident of Finland in respect of Finnish films which are approved by the relevant authorities and which are exempt from motion