

(b) the same person participates directly or indirectly in the management, control or capital of an enterprise of one of the territories and an enterprise of the other territory,

and, in either case, conditions are made or imposed between the two enterprises, in their commercial or financial relations, which differ from those which would be made between independent enterprises, then any profits which would but for those conditions have accrued to one of the enterprises but by reason of those conditions have not so accrued may be included in the profits of that enterprise and taxed accordingly.

ARTICLE V

(1) Profits accruing to a resident of one of the territories from an enterprise which is managed and controlled in that territory and derives such profits from operating ships or aircraft, whether owned or chartered by the enterprise, shall be exempt from tax in the other territory.

(2) Paragraph (1) shall likewise apply in respect of participations in pools of any kind by enterprises engaged in air-transport.

ARTICLE VI

(1) The rate of tax on dividends paid to a company which is a resident of one of the territories by a company resident in the other territory more than 25% of the voting shares of which are owned by the former company shall not exceed 15% in the other territory.

(2) Where a company which is a resident of one of the territories derives profits or income from sources within the other territory there shall not be imposed in that other territory:—

- (i) any form of taxation on dividends paid by the company to a person not residing in that other territory unless such dividend is attributable to a permanent establishment maintained in that other territory by a person not resident in that territory or
- (ii) any tax in the nature of an undistributed profits tax on undistributed profits of the company.

(3) In this Agreement the term "dividends" includes profits distributed to persons participating in a *Gesellschaft mit beschraenkter Haftung*.

(4) Paragraph (1) shall not apply where a resident of one of the territories has a permanent establishment in the other territory and such dividends are attributable to that permanent establishment; in such event Article III of this Convention shall be applicable.

ARTICLE VII

(1) The rate of tax on interest on bonds, securities, notes, debentures or on any other form of indebtedness (exclusive of interest on debts secured by mortgages on real estate and interest on convertible bonds and income bonds) derived from sources within one of the territories by a resident of the other territory shall not exceed 15% in the first mentioned territory.

(2) Paragraph (1) shall not apply where a resident of one of the territories has a permanent establishment in the other territory and such interest is attributable to that permanent establishment; in such event Article III of this Convention shall be applicable.