

- (ii) all taxes chargeable in that State on such profits, other than the additional tax referred to herein,
- (iii) the profits reinvested in that State, provided that the amount of such deduction shall be determined in accordance with the provisions of the law of that State, as they 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 that State, and
- (iv) five hundred thousand Canadian dollars (\$500,000) or its equivalent in the currency of Portugal, 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; for the purposes of this clause, a company is related to another company if one company directly or indirectly controls the other, or both companies are directly or indirectly controlled by the same person or persons, or if the two companies deal with each other not at arm's length.

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. Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State shall be exempt from tax in that State if:
 - (a) the debtor of such interest is the Government of that State or a political or administrative subdivision or a local authority thereof; or
 - (b) the interest is paid to the Government of the other Contracting State or to a political or administrative subdivision or local authority thereof, or to an institution or organization (including a financial institution) with respect to a financing between the Governments of the Contracting States; or
 - (c) the interest is paid in respect of a loan made or a credit extended by:
 - (i) in the case of Canada, the Export Development Corporation; and
 - (ii) in the case of Portugal, the Companhia de Seguro de Créditos (COSEC).