

(2) The provisions of paragraph (1) shall not apply if the person to whom the interest is paid or credited has in the Contracting State in which the interest arises, a permanent establishment with which the debt-claim from which the interest arises is effectively connected. In such a case, the provisions of Article V shall apply.

(3) Where, owing to a special relationship between the payer and the recipient, or between both of them and some other person, the amount of the interest paid exceeds the amount which would have been agreed upon by the payer and recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount.

(4) Any provision in the law of either of the Contracting States relating only to interest paid to a non-resident company shall not operate so as to require such interest paid to a company which is a resident of the other Contracting State to be treated as a distribution of the company paying such interest unless the interest is paid

- (i) by a company in which the amount owing in respect of long-term liabilities at any time in the year in which the interest was paid exceeds the amount of the shareholders' equity at that time, or
- (ii) to a company which is a resident of one of the Contracting States and more than 50 per cent of whose voting power is controlled, directly or indirectly, by a person or persons resident in the other Contracting State, or
- (iii) in a case where the taxation authorities of the Contracting State where the company paying the interest is resident is satisfied that, owing to a special relationship between the payer and the recipient or between both of them and some other person, such interest arises from arrangements made, or conditions imposed, for the avoidance of tax.

ARTICLE X.

(1) The rate of tax imposed by one of the Contracting States on royalties arising in that Contracting State and paid or credited to a resident of the other Contracting State shall not exceed 15 per cent.

(2) The term "royalties" as used in this Article means any royalties, rentals or other amounts paid as consideration for the use of, or the right to use copyrights, patents, designs or models, plans, secret processes or formulae, trade-marks or other like property or rights, or for industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience, and includes any royalty or like payment in respect of motion picture films and films or video tapes for use in connection with television or tapes for use in connection with radio, but does not include royalties or other amounts paid in respect of the operations of mines or quarries or of the extraction or removal of natural resources.

(3) Notwithstanding paragraph (1) copyright royalties and other like payments in respect of the production or reproduction of any literary, dramatic, musical or artistic work (excluding royalties and like payments in respect of motion picture films and films or video tapes for use in connection with television and tapes for use in connection with radio) arising in one of the Contracting States and paid or credited to a resident of the other Contracting State shall be exempt from tax in the first-mentioned State.

(4) The provisions of paragraphs (1) and (3) shall not apply if the person