

- (b) interest arising in Canada and paid to a resident of Switzerland shall be taxable only in Switzerland if it is paid in respect of a loan made, guaranteed or insured, or a credit extended, guaranteed or insured by the Swiss Export Risk Insurance; and
- (c) interest arising in a Contracting State and paid to a resident of the other Contracting State shall not be taxable in the first-mentioned State if the beneficial owner of the interest is a resident of the other Contracting State and is not related to the payer.

4. For the purposes of this Article, a person shall be deemed to be related to another person if either person participates directly or indirectly in the management or control of the other, or if any third person or persons participate directly or indirectly in the management or control of both.”

2. Paragraph 6 of Article 11 shall be amended by deleting the reference “The provisions of paragraph 1, 2, 3 and 4” and replacing it with “The provisions of paragraph 1, 2 and 3”.

The amended paragraph shall therefore read as follows:

“The provisions of paragraphs 1, 2, and 3 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.”