

3. Notwithstanding the provisions of paragraph 2:

- (a) interest arising in Poland and paid to a resident of Canada shall be taxable only in Canada if it is paid in respect of a loan made, guaranteed or insured by Export Development Canada, or a credit extended, guaranteed or insured by Export Development Canada;
- (b) interest arising in Canada and paid to a resident of Poland shall be taxable only in Poland if it is paid in respect of a loan made, guaranteed or insured by an export financing organization that is wholly owned by the State of Poland, or a credit extended, guaranteed or insured by an export financing organization that is wholly owned by the State of Poland;
- (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 it is paid in respect to indebtedness arising as a consequence of the sale by a resident of the other State of any equipment, merchandise or services, except where the sale or indebtedness was between related persons or where the beneficial owner of the interest is other than the vendor or a person related to the vendor.

4. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures, as well as income which is subjected to the same taxation treatment as income from money lent by the laws of the State in which the income arises. However, the term "interest" does not include income dealt with in Article 8 or Article 10.

5. 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, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

6. Interest shall be deemed to arise in a Contracting State when the payer is a resident of that State. Where, however, the person paying the interest, whether the payer is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment, then such interest shall be deemed to arise in the State in which the permanent establishment is situated.