

permanent establishment situated in that State. In such case the provisions of Article VI shall apply.

6. Interest shall be deemed to arise in a Contracting State when the payer is that State itself, a subdivision, a local authority or a resident of that State. However, where interest is borne by a permanent establishment situated in a Contracting State, then such interest shall be deemed to arise in the Contracting State in which such permanent establishment is situated.

7. The limitation provided for under paragraph 2 shall not apply where the amount of the interest, having regard to the debt-claim for which it is paid, exceeds an amount which would have been agreed upon by the payer and the beneficial owner in the absence of a special relationship.

## ARTICLE X

### *Royalties*

1. Royalties 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 royalties may also be taxed in the Contracting State in which they arise, and according to the laws of that State, but if the recipient is the beneficial owner of the royalties the tax so charged shall not exceed 10 percent of the gross amount of the royalties.

3. Notwithstanding the provisions of paragraph 2, copyright royalties and other like payments in respect of the production or reproduction of any literary, dramatic, musical or artistic work (but not including royalties in respect of motion picture films and works on film or videotape for use in connection with television) arising in a Contracting State and paid to a resident of the other Contracting State who is subject to tax thereon shall be taxable only in that other State.

4. The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use:

- (a) any copyright;
- (b) any invention (whether or not protected by patent or author's certificate) or innovation;
- (c) any industrial, commercial or scientific design, model or plan;
- (d) any trademark or service mark;
- (e) any trade name;
- (f) motion picture films and works on film or videotape for use in connection with television;
- (g) any industrial, commercial or scientific experience, secret formula or process; or
- (h) any industrial, commercial or scientific equipment.