

6. Nothing in this Convention shall be construed as preventing a Contracting State from imposing on the earnings of a company attributable to a permanent establishment in that State, a tax in addition to the tax which would be chargeable on the earnings of a company which is a national of that State, provided that any additional tax so imposed shall not exceed 5 per cent of the amount of such earnings which have not been subjected to such additional tax in previous taxation years. For the purpose of this provision, the term "earnings" means the profits attributable to a permanent establishment in a Contracting State (including gains from the alienation of property forming part of the business property of such a permanent establishment) in a year and previous years after deducting therefrom:

- (a) business losses attributable to such a permanent establishment (including losses from the alienation of property forming part of the business property of such a permanent establishment) in such year and previous years;
- (b) all taxes, other than the additional tax referred to in this paragraph, imposed on such profits in that State;
- (c) the profits reinvested in that State as determined in accordance with the laws of that State; and
- (d) five hundred thousand Canadian dollars (\$500,000), or its equivalent in Euros, less any amount deducted in that State under this subparagraph by the company or a company associated therewith with respect to the same or a similar business; for the purposes of this subparagraph a company is associated with another company if either company participates directly or indirectly in the management or control of the other company or if the same persons participate directly or indirectly in the management or control of both companies.

7. The provisions of paragraph 6 shall also apply with respect to earnings derived from the alienation of immovable property in a Contracting State by a company carrying on a trade in immovable property, whether or not it has a permanent establishment in that State, but only insofar as these earnings may be taxed in that State under the provisions of Article 6 or paragraph 1 of Article 13.

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 recipient is the beneficial owner of the interest the tax so charged shall not exceed 10 per cent of the gross amount of the interest.