

- (a) such permanent establishment or fixed base; or
- (b) business activities referred to under subparagraph (c) of paragraph 1 of Article 7.

In such cases the provisions of Article 7 or Article 14, as the case may be, shall apply.

5. Royalties shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority or a resident of that State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.

6. Where by reason of a special relationship between the payer and the person beneficially entitled to the royalties, or between both of them and some other person, the amount of the royalties paid or credited, having regard to the use, right or information for which they are paid or credited, exceeds the amount which might have been expected to have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the amount of the royalties paid or credited shall remain taxable according to the taxation law of each Contracting State, but subject to the other provisions of this Agreement. However, if no basis can be determined for the payment or credit of the royalties the amount of the royalties paid or credited may be taxed in the Contracting State in which they arise and according to the taxation law of that State, but subject to the other provisions of this Agreement.

ARTICLE 13

Alienation of Property

1. Income or gains from the alienation or disposition of:

- (a) real property, as defined in paragraph 2 of Article 6, situated in a Contracting State; or
- (b) any share or comparable interest in a company or association (including a partnership) whose assets consist wholly or principally of real property so situated or of rights to exploit or explore for, natural resources in that State,

may be taxed in that State and according to the law of that State.