

7. The provisions of paragraphs 1, 2(c) and 4 shall also apply to income derived by a resident of Switzerland from an estate or a trust which is a resident of Canada. For the purposes of paragraph 2(b) of Article 22, the term "dividend" shall include such income.

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.
3. Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State and paid to a resident of the other Contracting State who is the beneficial owner thereof shall be taxable only in that other State to the extent that such interest:
 - (a) is a penalty charge for late payment; or
 - (b) is paid with respect to indebtedness resulting from the sale on credit by a resident of the other Contracting State of any equipment, merchandise or services, except where the sale is made between associated enterprises within the meaning of Article 9, paragraph 1 (a) or 1 (b) or where the payer and the recipient of the interest are associated enterprises within the meaning of the same paragraphs.
4. Notwithstanding the provisions of paragraph 2,
 - (a) interest arising in a Contracting State and paid to a resident of the other Contracting State who is the beneficial owner thereof shall be taxable only in that other State if it is paid in respect of indebtedness of the government of the first-mentioned State or of a political subdivision or local authority thereof;
 - (b) interest arising in Switzerland 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, or a credit extended, guaranteed or insured by the Export Development Corporation or by any institution specified and agreed in letters exchanged between the competent authorities of the Contracting States;
 - (c) 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 under the Swiss provisions regulating the "garantie contre les risques à l'exportation" or by any institution specified and agreed in letters exchanged between the competent authorities of the Contracting States; and