

ARTICLE 7

1. Article XIV (Independent Personal Services) shall be deleted and the subsequent Articles of the Convention shall not be renumbered, and the following consequential changes shall be made to the Convention:

- (a) Paragraph 4 of Article VI (Income from Immovable Property) shall be deleted and replaced by:

“4. The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise.”

- (b) Paragraphs 4 and 5 of Article X (Dividends) shall be deleted and replaced by:

“4. The provisions of paragraph 2 shall not apply if the recipient of the dividends, being a resident of a Contracting State, carries on in the other Contracting State of which the company paying the dividends is a resident, a trade or business through a permanent establishment situated therein and the holding by virtue of which the dividends are paid is effectively connected with such permanent establishment. In such a case, the provisions of Article VII shall apply.

5. Where a company is a resident of a Contracting State, the other Contracting State may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other State or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment situated in that other State, nor subject the company’s undistributed profits to a tax on undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.”

- (c) Paragraphs 4 and 5 of Article XI (Interest) shall be deleted and replaced by:

“4. The provisions of paragraph 2 shall not apply if the recipient of the interest, being a resident of a Contracting State, carries on in the other Contracting State in which the interest arises a trade or business 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 a case, the provisions of Article VII shall apply.

5. Interest 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 interest, whether he 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 that interest is borne by that permanent establishment, then such interest shall be deemed to arise in the Contracting State in which the permanent establishment is situated.”