

4. The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property used in carrying on a business or in the performance of independent personal services.

Article 7

Business Profits

1. The business profits of a resident of a Contracting State shall be taxable only in that State unless the resident carries on or has carried on business in the other Contracting State through a permanent establishment situated therein. If the resident carries on or has carried on business as aforesaid, the business profits of the resident may be taxed in the other State but only so much of them as is attributable to that permanent establishment. If a company which is a resident of a Contracting State has a permanent establishment in the other Contracting State and alienates property to persons in that other State that is identical or similar to property alienated through that permanent establishment, the profits from such alienations shall be attributed to that permanent establishment. However, the profits derived from such alienations shall not be attributed to that permanent establishment if the company establishes that such alienations have been carried out for a purpose other than that of obtaining a benefit from the provisions of this Convention.

2. Subject to the provisions of paragraph 3, where a resident of a Contracting State carries on or has carried on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the business profits which it might be expected to make if it were a distinct and separate person engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the resident and with all other persons.

3. In the determination of the business profits of a permanent establishment of a person, there shall be allowed those deductible expenses which are incurred for the purposes of the permanent establishment including executive and general administrative expenses, whether incurred in the State in which the permanent establishment is situated or elsewhere. However, no such deduction shall be allowed in respect of amounts, if any, paid (otherwise than as a reimbursement of actual expenses) by the permanent establishment to the head office or any other office of the person as royalties, fees or other similar payments in return for the use of patents or other rights, or by way of a commission, for specific services performed or for management, or, except in the case of a bank, as interest on moneys lent to the permanent establishment.

4. No business profits shall be attributed to a permanent establishment of a person by reason of the mere purchase by that permanent establishment of goods or merchandise for the person.

5. For the purposes of the preceding paragraphs, the business profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.