2. However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that Contracting State, but if the beneficial owner of the interest is a resident of the other Contracting State, 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 shall be taxable only in the other Contracting State if:

(a) the interest is beneficially owned by the Government of that other Contracting State including a political subdivision and local authority thereof, or the central bank of that other Contracting State or any institution wholly owned by that Government; or

(b) the interest is beneficially owned by a resident of that other Contracting State with respect to debt-claims guaranteed, insured or indirectly financed by the Government of that other Contracting State including a political subdivision and local authority thereof, or the central bank of that other Contracting State or any institution wholly owned by that Government.

4. For the purposes of paragraph 3, the terms "the central bank" and "institution wholly owned by that Government" mean:

(a) in the case of Japan:

(i) the Bank of Japan;

(ii) the Japan Bank for International Cooperation;

(iii) the Japan International Cooperation Agency;

(iv) the Nippon Export and Investment Insurance; and

(v) such other similar institution the capital of which is wholly owned by the Government of Japan including a local authority thereof as may be agreed upon from time to time between the Governments of the Contracting States through an exchange of diplomatic notes;

(b) in the case of the United Arab Emirates:

(i) Central Bank of the United Arab Emirates;

(ii) Abu Dhabi Investment Authority;

(iii) International Petroleum Investment Company;

(iv) Abu Dhabi Investment Council;

(v) Investment Corporation of Dubai; and

(vi) such other similar institution the capital of which is wholly owned by the Government of the United Arab Emirates including a political subdivision and local authority thereof as may be agreed upon from time to time between the Governments of the Contracting States through an exchange of diplomatic notes.

5. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures, and all other income that is subjected to the same taxation treatment as income from money lent by the tax laws of the Contracting State in which the income arises.

6. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises 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 case the provisions of Article 7 shall apply.

7. Interest shall be deemed to arise in a Contracting State when the payer is a resident of that Contracting 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 such interest is borne by such permanent establishment, then such interest shall be deemed to arise in the Contracting State in which the permanent establishment is situated.