PROTOCOL

At the signature of the Agreement between the Government of the People’s Republic of China and the Government of the French Republic for the avoidance of double taxation and the prevention of tax evasion with respect to taxes on income, both parties have agreed upon the following provisions which will form an integral part of the Agreement:

1. With respect to paragraph 3 of Article 5 of the Agreement, the supervision of the assembly or installation of equipment or of industrial or commercial plant by the enterprise which has sold such equipment or plant shall not constitute a permanent establishment for that enterprise if the costs for such supervision represent less than 5 per cent of the total amount of the sale, and if considered to be auxiliary to the sale.

2. With respect to paragraph 3 of Article 11 of the Agreement, royalties paid for the use of or the right to use industrial, commercial or scientific equipment shall be subject to tax on 60 per cent of the gross amount of such royalties.


DONE in duplicate in Paris, on 30 May 1984 in the Chinese and French languages, both texts being equally authentic.

For the Government

of the People’s Republic of China

For the Government

of the French Republic