

PROTOCOL

At the signing today of the Agreement between the Government of the People's Republic of China and the Government of the Republic of Finland for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (hereinafter referred to as "the Agreement"), the undersigned have agreed upon the following provisions which shall form an integral part of the Agreement:

1. With reference to Article 4, paragraph 2

In determining by mutual agreement the status of an individual who is a resident of both Contracting States, consideration shall be given to the rules contained in paragraph 2 of Article 4 of the United Nations model double taxation convention between developed and developing countries, adopted in 1980.

2. With reference to Article 6

Where the ownership of shares or other corporate rights in a company, being a resident of a Contracting State, entitles the owner of such shares or corporate rights to the enjoyment of immovable property held by the company, the income from the direct use, letting, or use in any other form of such right of enjoyment may be taxed in the Contracting State in which the immovable property is situated.

3. With reference to Article 8

Nothing in the Agreement shall affect the provisions of the Agreement on Maritime Transport between the Government of the People's Republic of China and the Government of the Republic of Finland signed at Helsinki on 27 January 1977, to the extent that they have effect as regards taxes to which the Agreement applies.

4. With reference to Article 11, paragraph 3

Notwithstanding the provisions of paragraph 3 of Article 11, loans made or credits extended, in the case of Finland, by the Finnish Export Credit Ltd or the Finnish Fund for Industrial Development Co-operation Ltd (Finnfund), and in the case of China, by the Bank of China or the China International Trust and Investment Corporation, shall be assimilated to debt-claims wholly financed by a Contracting State.

5. With reference to Article 12, paragraph 2

The tax on royalties derived as a consideration for the use of, or the right to use, any industrial, commercial or scientific equipment, shall, notwithstanding the provisions of paragraph 2 of Article 12 of the Agreement, not exceed 10 per cent on an amount corresponding to 70 per cent of the gross amount of the royalties.

IN WITNESS WHEREOF the undersigned, duly authorised thereto, have signed this Protocol.

DONE in duplicate at Helsinki this 12th day of May 1986, in the Chinese, Finnish and English languages, all three texts being equally authentic. In the case of divergence of interpretation the English text shall prevail.

**On behalf of
the Government of the
People's Republic of China**

**On behalf of
the Government of the Republic
of Finland**