

EXCHANGE OF NOTES

His Excellency Mr. Shintaro Abe

Minister for Foreign Affairs of Japan

Beijing, September 6, 1983

Excellency,

I have the honour to refer to the Agreement between the Government of the People's Republic of China and the Government of Japan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income which was signed today (hereinafter referred to as "the Agreement") and to confirm, on behalf of the Government of the People's Republic of China, the following understanding reached between the two Governments:

1. It is understood that the term "any tax similar to the enterprise tax in Japan which is imposed in the People's Republic of China" referred to in paragraph 2 of Article 8 of the Agreement, means the industrial and commercial consolidated tax and its surcharge in the People's Republic of China.
2. The arrangement contained in the Exchange of Notes between the two Governments dated September 28, 1974 and that dated May 20, 1975 concerning the reciprocal exemption from taxation of income derived from the operation in international traffic of aircraft and ships, respectively, as amended by the Exchange of Notes between the two Governments dated December 9, 1982 shall cease to have effect as respects income or taxes to which the Agreement shall have effect in accordance with the provisions of paragraph 2 of Article 29 thereof.

I have further the honour to request Your Excellency to be good enough to confirm the foregoing understanding on behalf of Your Excellency's Government.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

State Councillor

**and Minister of Foreign Affairs
of the People's Republic of China**

His Excellency

Mr. Wu Xueqian

State Councillor

and Minister of Foreign Affairs

of the People's Republic of China

Beijing, September 6, 1983

Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note of today's date, which reads as follows:

"I have the honour to refer to the Agreement between the Government of the People's Republic of China and the Government of Japan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income which was signed today (hereinafter referred to as "the Agreement") and to confirm, on behalf of the Government of the People's Republic of China, the following understanding reached between the two Governments:

1. It is understood that the term "any tax similar to the enterprise tax in Japan which is imposed in the People's Republic of China" referred to in paragraph 2 of Article 8 of the Agreement, means the industrial and commercial consolidated tax and its surcharge in the People's Republic of China.

2. The arrangement contained in the Exchange of Notes between the two Governments dated September 28, 1974 and that dated May 20, 1975 concerning the reciprocal exemption from taxation of income derived from the operation in international traffic of aircraft and ships, respectively, as amended by the Exchange of Notes between the two Governments dated December 9, 1982 shall cease to have effect as respects income or taxes to which the Agreement shall have effect in accordance with the provisions of paragraph 2 of Article 29 thereof.

I have further the honour to request Your Excellency to be good enough to confirm the foregoing understanding on behalf of Your Excellency's Government. ”

I have further the honour to confirm the understanding contained in Your Excellency's Note, on behalf of the Government of Japan.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

**Minister for Foreign Affairs
of Japan**

(Translation)

Beijing, December 27, 1983

(83) Bu Tiao Zi No. 312

Japanese Embassy:

The Ministry of Foreign Affairs of the People's Republic of China presents its compliments to the Embassy of Japan in China and, has the honour to acknowledge the receipt of the Embassy's note dated December 27, 1983 which reads as follows:

“The Embassy of Japan in the People's Republic of China presents its compliments to the Ministry of Foreign Affairs of the People's Republic of China and, with reference to the Agreement between the Government of Japan and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income which was signed on September 6, 1983, has the honour to inform the latter a typographical error in concluding part of the English text, kept by both Japanese and Chinese Governments, of the Protocol of the said Agreement, where the word “this Agreement” is printed, although “this Protocol” should appear.

The Embassy proposes on behalf of the Government of Japan that the word in question shall be regarded hereafter to read “this Protocol” without going through formalities to correct the original text.

The Embassy would appreciate it if the Ministry agrees on behalf of the Government of the People's Republic of China to the proposal mentioned above. ”

The Ministry agrees on behalf of the Government of the People's Republic of China to the proposal mentioned above.

The Ministry avails itself of this opportunity to renew to the Embassy the assurances of its highest consideration.

The Ministry of Foreign Affairs

of the People's Republic of China

Beijing, December 26, 1991

H. E. Hiroshi Hashimoto Ambassador Extraordinary and Plenipotentiary of Japan
to the People's Republic of China

I have the honour to refer to the Agreement between the Government of the People's Republic of China and the Government of Japan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income signed at Beijing on September 6, 1983 (hereinafter referred to as "the Agreement") and to propose on behalf of the Government of the People's Republic of China the following arrangement:

1. The measures set forth in the following Articles and paragraphs of the Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises (hereinafter referred to as "the incentive provisions") are "any other similar special incentive measures designed to promote economic development in the People's Republic of China which may be introduced in the laws of the People's Republic of China after the date of signature of this Agreement" referred to in sub-paragraph (c) of paragraph 4 of Article 23 of the Agreement:

- (i) Paragraphs 1 and 2 of Article 7, paragraph 3 of Article 7 (only to the extent that the provisions contained therein are referred to in sub-paragraphs (1), (2), (4), (5) and (6) of Article 73 of the Detailed Rules and Regulations on Implementation of the said Income Tax Law), paragraphs 1 and 3 of Article 8, Article 9 and Article 10; and
- (ii) Paragraph 2 of Article 8 (only to the extent that the provisions contained therein are referred to in sub-paragraphs (1) to (4) and (6) to (8) of Article 75 of the Detailed Rules and Regulations on Implementation of the said Income Tax Law) .

Provided that only to the extent that the incentive provisions are applied to the income derived from the business set forth in paragraph 1 of Article 8 of the said Income Tax Law and the business (other than international traffic business) set forth in sub-paragraphs (1) to (9) of Article 72 and sub-paragraphs (2) to (4) of Article 75 of the Detailed Rules and Regulations on Implementation of the said Income Tax Law.

Commissioner of State Tax Bureau

of the People's Republic of China

Beijing, December 26, 1991

H. E. Hiroshi Hashimoto Ambassador Extraordinary and plenipotentiary of Japan
to the People's Republic of China

With reference to the Exchange of Notes dated today, concerning sub-paragraph (c) of paragraph 4 of Article 23 of the Agreement between the Government of the People's Republic of China and the Government of Japan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income. I have the honour to propose, on behalf of the Government of the People's Republic of China, that in case there is any divergence of interpretation of the said Exchange of Notes which is done in the Chinese, Japanese and English Languages, the English text shall prevail.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

Commissioner of State Tax Bureau

of the People's Republic of China