STATUTORY INSTRUMENTS

1981 No. 1119

INCOME TAX

The Double Taxation Relief (Air Transport Undertakings and their Employees) (China) Order 1981

Laid before the House of Commons in draft

Made - - - - 31*st July* 1981

At the Court at Buckingham Palace, the 31st day of July 1981

Present,

The Queen's Most Excellent Majesty in Council

Whereas a draft of this Order was laid before the House of Commons in accordance with the provisions of section 497(8) of the Income and Corporation Taxes Act 1970(a), and an Address has been presented to Her Majesty by that House praying that an Order may be made in the terms of that draft:

Now, therefore, Her Majesty, in exercise of the powers conferred upon Her by section 497 of the Income and Corporation Taxes Act 1970, and of all other powers enabling Her in that behalf, is pleased, by and with the advice of Her Privy Council, to order, and it is hereby ordered, as follows:—

1. This Order may be cited as the Double Taxation Relief (Air Transport Undertakings and their Employees) (China) Order 1981.

2. It is hereby declared—

(*a*) that the arrangements specified in the Agreement set out in the Schedule to this Order have been made with the Government of the People's Republic of China with a view to affording relief from double taxation in relation to income tax, corporation tax or capital gains tax and taxes of a similar character imposed by the laws of China; and

(*b*) that it is expedient that those arrangements should have effect.

N. E. Leigh,

Clerk of the Privy Council.

(a) 1970 c. 10; section 497 was amended and extended by sections 98(2) and 100(1) of the Finance Act 1972 (c. 41) and section 10 of the Capital Gains Tax Act 1979 (c. 14).

SCHEDULE

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA FOR THE RECIPROCAL AVOIDANCE OF DOUBLE TAXATION ON REVENUES ARISING FROM THE BUSINESS OF AIR TRANSPORT

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China;

Desiring to conclude an Agreement for the reciprocal avoidance of double taxation on revenues arising from the business of air transport;

Have agreed as follows:

ARTICLE 1

(1) The expression "Contracting Party" means the Government of the People's Republic of China, hereinafter referred to as China, or the Government of the United Kingdom of Great Britain and Northern Ireland, hereinafter referred to as the United Kingdom, as the context requires.

(2) The expression "the business of air transport" means the business of transporting persons, goods or mail, including the sale of travel tickets and documents relating to such transport, carried on by the owner or charterer of aircraft.

(3) The expression "Chinese undertakings" means enterprises managed and controlled in China designated to operate authorised scheduled air services between China and the United Kingdom.

(4) The expression "United Kingdom undertakings" means enterprises managed and controlled in the United Kingdom designated to operate authorised scheduled air services between the United Kingdom and China.

ARTICLE 2

(1) The Government of China shall exempt from any tax on revenues, income or capital gains which is, or may become, chargeable in China all revenues, income and capital gains derived by United Kingdom undertakings from the business of air transport.

(2) The Government of the United Kingdom shall exempt from any tax on profits, income or capital gains which is, or may become, chargeable in the United Kingdom all profits, income and capital gains derived by Chinese undertakings from the business of air transport.

ARTICLE 3

(1) Salaries, wages and other remuneration earned by a national of China in respect of services rendered to a Chinese undertaking as an officer or employee posted to the United Kingdom shall be exempt in the United Kingdom from income tax and from any tax which is or may become chargeable on income.

(2) Salaries, wages and other remuneration earned by a United Kingdom national in respect of services rendered to a United Kingdom undertaking as an officer or employee posted to China shall be exempt in China from income tax and from any other tax which is or may become chargeable on income.

ARTICLE 4

Each of the Contracting Parties shall notify the other in writing through the diplomatic channel of the completion of the procedures required by its law to bring this Agreement into force. The Agreement shall enter into force on the date of the later of these notifications and shall thereupon have effect as regards revenues, profits, income, capital gains and income to which Article 3 applies arising on or after the earliest date on which a Chinese undertaking or a United Kingdom undertaking commences operations in relation to authorised scheduled air services between China and the United Kingdom.

ARTICLE 5

This Agreement shall continue in force indefinitely but may be terminated by either Contracting Party by giving six months' notice in writing to the other Contracting Party.

In witness whereof the undersigned, duly authorised thereto by their respective Governments, have signed this Agreement.

Done in duplicate at Beijing this 10th day of March 1981, in the Chinese and English languages, both texts being equally authoritative.

For the Government of the People's Republic of China:	For the Government of the United Kingdom of Great Britain and Northern Ireland:
LU PEIJIANG	P. CRADOCK

EXPLANATORY NOTE

(This Note is not part of the Order.)

Under the Agreement with China scheduled to this Order revenues, profits, income and capital gains derived from the business of air transport by an undertaking of the United Kingdom or China, which is designated to operate authorised scheduled air services between the two countries, are exempt from tax in the other country; and remuneration derived by a national of one country from employment with a designated air transport undertaking of that country is exempt from tax in the other country.

The Agreement applies to revenues, profits, income and capital gains arising on or after the commencement of authorised scheduled air services between the two countries.

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