STATUTORY INSTRUMENTS

2013 No. 3142

CORPORATION TAX

The Double Taxation Relief (China) Order 2013

Made - - - - 11th December 2013

At the Court at Buckingham Palace, the 11th day of December 2013

Present,

The Queen's Most Excellent Majesty in Council

A draft of this Order was laid before the House of Commons in accordance with section 5(2) of the Taxation (International and Other Provisions) Act 2010(**a**) and approved by a resolution of that House.

Accordingly, Her Majesty, in exercising the powers conferred upon Her by section 2 of the Taxation (International and Other Provisions) Act 2010, by and with the advice of Her Privy Council, orders as follows—

Citation

1. This Order may be cited as the Double Taxation Relief (China) Order 2013.

Double taxation arrangements to have effect

2. It is declared that—

(a) the arrangements specified in the Protocol set out in the Schedule to this Order, which amend the arrangements set out in the Schedule to the Double Taxation Relief and International Tax Enforcement (China) Order 2011(**b**), have been made with the Government of the People's Republic of China;

(b) the arrangements have been made with a view to affording relief from double taxation in relation to corporation tax and taxes of a similar character imposed by the laws of the People's Republic of China; and

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

Richard Tilbrook
Clerk of the Privy Council

(**a**) 2010 c. 8.
(**b**) S.I. 2011/2724.

SCHEDULE

Article 2

PROTOCOL AMENDING THE 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 AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL GAINS

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

Desiring to amend the 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 avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital gains signed at London on 27 June 2011 (hereinafter referred to as "the Agreement"),

Have agreed as follows:

ARTICLE I

Sub-paragraph a) of paragraph 2 of Article 10 of the Agreement shall be deleted and replaced by the following:

> "a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 25 per cent of the capital of the company paying the dividends;"

ARTICLE II

Each of the Contracting States shall notify the other, through diplomatic channels in writing, of the completion of the procedures required by its law for the bringing into force of this Protocol. This Protocol shall enter into force on the date of the later of these notifications and shall thereupon have effect in accordance with paragraph 1 of Article 28 of the Agreement.

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

DONE at Beijing on the 27th day of February 2013, in duplicate in the Chinese and English languages, both texts being equally authoritative.

For the Government of the United Kingdom of Great Britain and Northern Ireland:	**For the Government of the People's Republic of China:**
Sebastian Wood	*Wang Li*

EXPLANATORY NOTE

(This note is not part of the Order)

The Schedule to this Order contains a Protocol ("the Protocol") which amends an 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 Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital Gains ("the Agreement"). The Agreement was scheduled to the Double Taxation Relief and International Tax Enforcement (China) Order 2011 (S.I. 2011/2724). This Order brings the Protocol into effect.

The Agreement aims to eliminate the double taxation of income or gains arising in one country and paid to residents of the other country. It does this by allocating the taxing rights that each country has under its domestic law over the same income and gains, and/or by providing relief from double taxation. It also has specific measures which combat discriminatory tax treatment and provide for assistance in international tax enforcement. The Protocol continues this approach.

The Protocol amends sub-paragraph (a) of Article 10(2) of the Agreement, which relates to dividends, so that it applies only where the beneficial owner is a company which holds directly at least 25 per cent of the capital of the company paying the dividends.

Article 1 provides for citation.

Article 2 makes a declaration as to the effect and content of the Protocol.

The Protocol will enter into force on the date of the later notifications by each country of the completion of its legislative procedures. It will take effect:

(i) in China, in respect of any tax year beginning on or after 1 January in the calendar year next following the date the Agreement enters into force; and

(ii) in the United Kingdom, for financial years commencing on or after 1 April next following the date the Agreement enters into force.

The date of entry into force will, in due course, be published in the *London, Edinburgh* and *Belfast* Gazettes.

A Tax Information and Impact Note has not been prepared for this Order as it gives effect to a previously announced policy to enact a double taxation agreement.

© Crown copyright 2013

Printed and published in the UK by The Stationery Office Limited under the authority and superintendence of Carol Tullo, Controller of Her Majesty's Stationery Office and Queen's Printer of Acts of Parliament.

£4.00

UK201312128 12/2013 19585

http://www.legislation.gov.uk/id/uksi/2013/3142

ISBN 978-0-11-110706-5

9 780111 107065