

PROTOCOL

THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA AND THE GOVERNMENT OF NEW ZEALAND have agreed at the signing of the Agreement between the two States for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income upon the following provisions which shall form an integral part of the Agreement.

1. With reference to Article 7,

it is understood that nothing in the Agreement shall affect the operation of any law of a Contracting State at any time in force relating to the taxation of any income or profits from the business of any form of insurance.

2. With reference to Article 23,

it is understood between the Contracting States that in accordance with Chinese tax law in force the rates of tax applicable in the People's Republic of China to dividends, interest and royalties exceed, at the time of signing the Agreement, the agreed rates in Article 10 (dividends) of 15 per cent, in Article 11 (interest) of 10 per cent and in Article 12 (royalties) of 10 per cent and it is further understood that in the application of paragraph 3 of Article 23 the Chinese tax shall accordingly be deemed to be:

- (a) in the case of dividends, an amount equal to 15 per cent of the dividends;
- (b) in the case of interest, an amount equal to 10 per cent of the interest;
- (c) in the case of royalties, an amount equal to 10 per cent of the royalties,

and it is further agreed that in the event that the People's Republic of China changes its domestic tax rate applicable to dividends or, as the case may be, interest or royalties so that the tax rate is lower than the agreed rate specified in Article 10, Article 11 or as the case may be Article 12, then the competent authorities of the Contracting States shall discuss the form and amount of tax credit, including tax sparing.

DONE at Wellington on the 16th day of September 1986 in duplicate in the Chinese and English languages, both texts being equally authentic.

On behalf of	On behalf of
the Government of the People's Republic of China	the Government of New Zealand

