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**Arrangement between the Mainland and the Macau Special Administrative Region  
for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion  
with Respect to Taxes on Income**

**Article 1 Personal Scope**  
**(Revised by The Fourth Protocol)**

1. This arrangement shall apply to a person who is a resident of One Side or a resident of both Sides.
2. An entity or arrangement deemed to be completely transparent or partially transparent in accordance with tax law of any Side, the income obtained or obtained through it shall be regarded as the income obtained by a resident of One Side, but only to the extent that the income is regarded as the income obtained by a resident of One Side
3. Except for paragraph 2 of Article 9, paragraph 2 of Article 18, Article 19, Article 20, Article 21, Article 23, Article 24 and Article 25, "Arrangement" shall not affect the tax imposed to its residents.

**Article 2 Taxes Covered**

1. This Arrangement shall apply to taxes on income imposed on behalf of One Side or of its local authorities, irrespective of the manner in which they are levied.
2. There shall be regarded as taxes on income all taxes imposed on total income, or on elements of income, including taxes on gains from the alienation of movable or immovable property, as well as taxes on capital appreciation.
3. The existing taxes to which this Arrangement shall apply are in particular:
  - (1) In the Mainland of China:
    - (a) the individual income tax.
    - (b) the local income tax. (hereinafter referred to as "Mainland tax")
  - (2) In the Macau Special Administrative Region:
    - (a) the professional tax.
    - (b) the complementary tax.
    - (c) the stamp duty on contribution and tax.
    - (d) the property tax (hereinafter referred to as "Macau tax").

4. This Arrangement shall also apply to any identical or substantially similar taxes which are imposed after the date of signature of this Arrangement in addition to, or in place of, the existing taxes. The competent authorities of the Two Sides shall notify each other of any substantial changes which have been made in their respective taxation laws within a reasonable period of time after such changes.

### **Article 3 General Definitions**

1. For the purposes of this Arrangement, unless the context otherwise requires:
  - (1) the terms "One Side" and "the Other Side" mean the Mainland of China or the Macau Special Administrative Region as the context requires.
  - (2) the term "tax" means Mainland tax or Macau tax, as the context requires.
  - (3) the term "person" includes an individual, a company and any other body of persons.
  - (4) the term "company" means anybody corporate or any entity which is treated as a body corporate for tax purposes.
  - (5) the terms "enterprise of One Side" and "enterprise of the Other Side" mean, respectively, an enterprise carried on by a resident of One Side and an enterprise carried on by a resident of the Other Side.
  - (6) the term "shipping, air and land transport" means any transport by ships, aircraft or land transport vehicles operated by an enterprise of One Side, except when the ships, aircraft or land transport vehicles are operated solely between places on the Other Side.
  - (7) the term "competent authority" means, in the case of the Mainland of China, the State Administration of Taxation or its authorized representatives and, in the case of the Macau Special Administrative Region, the Secretary for Economy and Finance or its authorized representatives.
2. As regard the application of this Arrangement by One Side, any term not defined therein shall, unless the context otherwise requires, have the meaning which it has under the laws of that Side concerning the taxes to which this Arrangement applies.

### **Article 4 Resident**

1. For the purposes of this Arrangement, the term "resident of One Side" means any person who, under the laws of that Side, is liable to tax therein by reason of his domicile, residence, place of head office or place of effective management or any other criterion of a similar nature. This term, however, does not include any person who is liable to tax in that Side in respect only of income from sources in that Side. **(Revised by Protocol)**

2. Whereby reason of the provisions of paragraph 1 an individual is a resident of both Sides, then his status shall be determined as follows:
  - (1) he shall be deemed to be a resident of the Side in which he has a permanent home available to him; if he has a permanent home available to him in both Sides, he shall be deemed to be a resident of the Side with which his personal and economic relations are closer (centre of vital interests);
  - (2) if the Side in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either Side, he shall be deemed to be a resident of the Side in which he has an habitual abode;
  - (3) if he has a habitual abode in both Sides or in neither of them, the competent authorities of the two Sides shall settle the question by mutual Arrangement.
3. A person other than an individual is a resident of both Sides, the competent authorities of Both Sides shall endeavour to determine by mutual agreement the Side of which such person shall be deemed to be a resident for the purposes of this Arrangement, having regard to its place of effective management, the place where it is incorporated or otherwise constituted and any other relevant factors. In the absence of such agreement, such person shall not be entitled to any relief or exemption from tax provided by this Arrangement, except to the extent and in such manner as may be agreed upon by the competent authorities of both Sides.” **(Revised by The Forth Protocol)**

## **Article 5 Permanent Establishment**

1. For the purposes of this Arrangement, the term "permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on.
2. The term "permanent establishment" includes especially:
  - (1) a place of management.
  - (2) a branch.
  - (3) an office.
  - (4) a factory.
  - (5) a workshop.
  - (6) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.
3. The term "permanent establishment" likewise encompasses:
  - (1) a building site, a construction, assembly or installation project or supervisory activities in connection therewith, but only where such site, project or activities continue for a period of more than 6 months.

- (2) the furnishing of services, including consultancy services, by an enterprise of One Side through employees or other personnel engaged in the Other Side, provided that such activities continue for the same project or a connected project for a period or periods aggregating more than 183 days within any 12 months period. **(Revised by Protocol)**
4. Notwithstanding the preceding provisions of this article, the term "permanent establishment" shall be deemed not to include:
- (1) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise.
  - (2) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage display or delivery.
  - (3) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise.
  - (4) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise.
  - (5) the maintenance of a fixed place of business solely for the purpose of carrying on any other activity of a preparatory or auxiliary character, for the enterprise.
  - (6) the maintenance of a fixed place of business solely for any combination of activities mentioned in sub-paragraph (1) to (5), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.
5. Notwithstanding the provisions of paragraphs 1 and 2 but subject to the provisions of paragraph 6, where a person is acting in One Side on behalf of an enterprise and, in doing so, habitually concludes contracts, or habitually plays the principal role leading to the conclusion of contracts that are routinely concluded without material modification by the enterprise, and these contracts are: **(Revised by The Forth Protocol)**
- (1) in the name of the enterprise; or
  - (2) for the transfer of the ownership of, or for the granting of the right to use, property owned by that enterprise or that the enterprise has the right to use; or
  - (3) for the provision of services by that enterprise,

That enterprise shall be deemed to have a permanent establishment in that One Side in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business, would not make the fixed place of business a permanent establishment under the provisions of that paragraph.

6. Paragraph 5 shall not apply where the person carries on business in One Side as an independent agent and acts in that One Side on behalf of an enterprise of the Other Side in the ordinary course of that business. Where, however, a person acts exclusively or almost exclusively on behalf of one or more enterprises to which that person is closely related, that person shall not be considered to be an independent agent within the meaning of this paragraph with respect to any such enterprise.” **(Revised by The Forth Protocol)**
7. The fact that a company which is a resident of One Side controls or is controlled by a company which is a resident of the Other Side, or which carries on business in that other Side (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.
8. For the purposes of this Article, a person is closely related to an enterprise if, based on all the relevant facts and circumstances, one has control of the other or both are under the control of the same persons or enterprises. In any case, a person shall be considered to be closely related to an enterprise if one possesses directly or indirectly more than 50% of the beneficial interest in the other (or, in the case of a company, more than 50% of the voting rights and value of the company’s shares or of the beneficial equity interest in the company) or if another person possesses directly or indirectly more than 50% of the beneficial interest (or, in the case of a company, more than 50% of the voting rights and value of the company’s shares or of the beneficial equity interest in the company) in the person and the enterprise.” **(Added by The Forth Protocol)**

## **Article 6 Income from Immovable Property**

1. Income derived by a resident of One Side from immovable property (agriculture and forestry) situated in the Other Side may be taxed in that Other Side.
2. The term "immovable property" shall have the meaning which it has under the law of the Side in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources. Ships and aircraft shall not be regarded as immovable property.
3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting, or use in any other form of immovable property.
4. The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of independent personal services.

## Article 7 Business Profit

1. The profits of an enterprise of One Side shall be taxable only in that Side unless the enterprise carries on business in the Other Side through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the Other Side but only so much of them as is attributable to that permanent establishment.
2. Subject to the provision of paragraph 3, where an enterprise of One Side carries on business in the Other Side through a permanent establishment situated therein, there shall in each Side be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.
3. In determining the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the business of the permanent establishment, including executive and general administrative expenses so incurred, whether in the Side in which the permanent establishment is situated or elsewhere. However, no such deduction shall be allowed in respect of the amounts, if any, paid (otherwise than towards reimbursement of actual expenses) by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, or by way of commission, for specific services performed or for management, or, except in the case of a banking enterprise, by way of interest on moneys lent to the permanent establishment. Likewise, no account shall be taken, in the determination of profits of a permanent establishment, for amounts charged (otherwise than towards reimbursement of actual expenses), by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments, in return for the use of patents or other rights, or by way of commission for specific services performed or for management, or, except in the case of a banking enterprise, by way of interest on moneys lent to the head office of the enterprise or any of its other offices.
4. Insofar as it has been customary in One Side to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that Side from determining the profits to be taxed by such an apportionment as may be customary. The method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles contained in this Article.
5. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods of merchandise for the enterprise.



6. For the purpose of paragraphs 1 to 5, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.
7. Where profits include items of income which are dealt with separately in other Articles of this Arrangement, then the provisions of those Articles shall not be affected by the provisions of this Article.

### **Article 8 Shipping, Air and Land Transport**

1. Revenue and profits derived from the operation of ships, aircraft or land transport vehicles carried on by an enterprise of One Side shall be exempt from tax on the Other Side (including VAT and other similar taxes in the Mainland). **(Revised by The Third Protocol)**
2. The provisions of paragraph 1 shall also apply to revenue and profits from the participation in a pool, a joint business or an international operating agency.

### **Article 9 Associated Enterprises**

1. Where:
  - (1) an enterprise of One Side participated directly or indirectly in the management, control or capital of an enterprise of the other Side, or
  - (2) the same persons participate directly or indirectly in the management, control or capital of an enterprise of One Side and an enterprise of the Other Side, and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.
2. Where One Side includes in the profits of an enterprise of that Side -- and taxes accordingly -- profits on which an enterprise of the Other Side has been charged to tax in that Other Side, and the profits so included are profits which would have accrued to the enterprise of the first-mentioned Side if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then the other Side shall make an appropriate adjustment to the amount of tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this Arrangement and the competent authorities of both Sides shall, if necessary, consult each other.

## Article 10 Dividends

1. Dividends paid by a company which is a resident of One Side to a resident of the Other Side may be taxed in that Other Side.
2. However, such dividends may also be taxed in the Side of which the company paying the dividends is a resident and according to the laws of that Side, but if the recipient is the beneficial owner of the dividends: **(Revised by Protocol)**
  - (1) the tax so charged shall not exceed 5% of the gross amount of the dividends when the beneficial owner directly holds 25% of capital of the company paying the dividends.
  - (2) in other conditions, the tax so charged shall not exceed 10% of the gross amount of the dividends. The competent authorities of the Two Sides shall by mutual agreement settle the mode of application of this limitation. The provisions of this paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.
3. The term "dividends" as used in this Article means income from shares, or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the Side of which the company making the distribution is a resident.
4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of One Side, carries on business in the Other Side of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that Other Side independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.
5. Where a company which is resident of One Side derives profits or income from the Other Side, that Other Side may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that Other Side or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment or a fixed base situated in that Other Side, nor subject the company's undistributed profits to a tax on the company's undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such Other Side.



## Article 11 Interest

1. Interest arising in One Side and paid to a resident of the Other Side may be taxed in that Other Side.
2. However, such interest may also be taxed in One Side which it arises and according to the laws of that Side, but if the recipient is the beneficial owner of the interest is the resident of the Other Side, the tax so charged shall not exceed 7% of the gross amount of the interest. The competent authorities of the Two Sides shall by mutual agreement settle the mode of application of these limitations. **(Revised by Protocol)**
3. Notwithstanding the provisions of paragraph 2, interest arising in One Side and derived by the Government of the Other Side, a local authority or any financial institution wholly owned by that Government, or by any other resident of that Other Side with respect to debt-claims indirectly financed by the Government of that Other Side, a local authority, or any financial institution wholly owned by the Government shall be exempt from tax in the first-mentioned Side.
4. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds, or debentures. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article.
5. The provisions of paragraphs 1, 2 and 3 shall not apply if the beneficial owner of the interest, being a resident of One Side, carries on business in the Other Side in which the interest arises, through a permanent establishment situated therein, or performs in that Other Side independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.
6. Interest shall be deemed to arise in One Side when the payer is the government of that Side, a local authority thereof or a resident of that Side. Where, however, the person paying the interest, whether he is a resident of One Side or not, has in One Side a permanent establishment or a fixed base in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the Side in which the permanent establishment or fixed base is situated.

7. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Side, due regard being had to the other provisions of this Arrangement.

## **Article 12 Royalties**

1. Royalties arising in One Side and paid to a resident of the Other Side may be taxed in that Other Side.
2. However, such royalties may also be taxed in One Side in which they arise, and according to the laws of that Side, but if the recipient is the beneficial owner of the royalties is the resident of the Other Side, the tax so charged shall not exceed 7% of the gross amount of the royalties. The competent authorities of the Two Sides shall by mutual agreement settle the mode of application of this limitation. **(Revised by Protocol)**. The royalties paid for aircraft and ship leasing business should not exceed 5% of the gross amount of the royalties **(Revised by The Third Protocol)**
3. The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematography films and films or tapes for radio or television broadcasting, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.
4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of One Side, carries on business in the Other Side in which the royalties arise, through a permanent establishment situated therein, or performs in that Other Side independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.
5. Royalties shall be deemed to arise in One Side when the payer is the Government of that Side, a local authority thereof or a resident of that Side. Where, however, the person paying the royalties, whether he is a resident of One Side or not, has in One Side a permanent establishment or a fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the Side in which the permanent establishment or fixed base is situated.

6. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Side, due regard being had to the other provisions of this Arrangement.

### **Article 13 Capital Gains**

1. Gains derived by a resident of One Side from the alienation of immovable property referred to in Article 6 and situated in the Other Side may be taxed in that Other Side.
2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of One Side has in the Other Side or of movable property pertaining to a fixed base available to a resident of One Side in the Other Side for the purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise) or of such a fixed base, may be taxed in that Other Side.
3. Gains derived from the alienation of ships, aircraft or land transport vehicles or movable property pertaining to the operation of such ships, aircraft or land transport vehicles shall be taxable only in the Side in which the place of the head office or effective management of the enterprise is situated.
4. Gains from the alienation of shares of the capital stock of a company, the property of which consists directly or indirectly principally of immovable property situated in One Side may be taxed in that Side.
5. Gains from the alienation of shares other than those mentioned in paragraph 4 representing a participation of at least 25 % directly or indirectly in a company which is a resident of One Side may be taxed in that Side if , at any time during 12 months preceding the alienation. **(Revised by Protocol)**
6. Gains from the alienation of any property other than that referred to in paragraphs 1 to 5, shall be taxable only in the Side of which the alienator is a resident.

## **Article 14 Independent Personal Services**

1. Income derived by a resident of One Side in respect of professional services or other activities of an independent character shall be taxable only in that Side except in one of the following circumstances, when such income may also be taxed in the Other Side:
  - (1) if he has a fixed base regularly available to him in the other Side for the purpose of performing his activities; in that case, only so much of the income as is attributable to that fixed base may be taxed in that Other Side; or
  - (2) if his stay in the Other Side is for a period or periods exceeding in the aggregate 183 days in any twelve month period commencing or ending in the fiscal year concerned; in that case, only so much of the income as is derived from his activities performed in that other Side may be taxed in that Other Side.
2. The term "professional services" includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

## **Article 15 Dependent Personal Services**

1. Subject to the provisions of Articles 16, 18, 19, 20 and 21, salaries, wages and other similar remuneration derived by a resident of One Side in respect of an employment shall be taxable only in that Side unless the employment is exercised in the Other Side. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that Other Side.
2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of One Side in respect of an employment exercised in the Other Side shall be taxable only in the first-mentioned Side if:
  - (a) the recipient is present in the Other Side for a period or periods not exceeding in the aggregate 183 days in any twelve-month period commencing or ending in the fiscal year concerned, and
  - (b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the Other Side, and
  - (c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the Other Side.

3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship, aircraft or land transport vehicle, shall be taxable only in the Side in which the place of head office or of effective management of the enterprise is situated.

#### **Article 16 Directors' Fees**

Notwithstanding the provisions of Articles 14 and 15, directors' fees and other similar payments derived by a resident of One Side in his capacity as a member of the board of directors of a company which is a resident of the Other Side may be taxed in that Other Side.

#### **Article 17 Artistes and Athletes**

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of One Side as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as an athlete, from his personal activities as such exercised in the Other Side, may be taxed in that Other Side.
2. Where income in respect of personal activities exercised by an entertainer or an athlete in his capacity as such accrues not to the entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the Side in which the activities of the entertainer or athlete are exercised.
3. Notwithstanding the preceding provisions of this Article, income derived by entertainers or athletes who are residents of One Side from the activities exercised in the Other Side under a plan of cultural exchange between the Governments of both Sides shall be exempt from tax in that Other Side.

#### **Article 18 Pensions**

1. Subject to the provisions of paragraph 2 of Article 19, pensions and other similar remuneration paid to a resident of One Side in consideration of past employment shall be taxable only in that Side.
2. Notwithstanding the provisions of paragraph 1, pensions paid, and other similar payments made by the Government of One Side or a local authority thereof under a public welfare scheme of the social security system of that Side shall be taxable only in that Side.

## **Article 19 Government Service**

1. (1) Remuneration, other than a pension, paid by the Government of One Side or a local authority thereof to an individual in respect of services rendered to the Government of that Side or a local authority thereof, in the discharge of functions of a governmental nature, shall be taxable only in that Side.  
(2) However, such remuneration shall be taxable only in the Other Side if the services are rendered in that Other Side and the individual is a resident of that Other Side who did not become a resident of that Other Side solely for the purpose of rendering the services.
2. (1) Any pension paid by, or out of funds to which contributions are made by the Government of One Side or a local authority thereof to an individual in respect of services rendered to the Government of that Side or a local authority thereof shall be taxable only in that Side.  
(2) However, such pension shall be taxable only in the Other Side if the individual is a resident of, that Other Side.
3. The provisions of Articles 15, 16, 17 and 18 shall apply to remuneration and pensions in respect of services rendered in connection with a business carried on by the Government of One Side or a local authority thereof.

## **Article 20 Teachers and Researchers**

1. An individual who is, or immediately before visiting One Side was, a resident of the Other Side and is present in the first-mentioned Side for the primary purpose of teaching, giving lectures or conducting research at a university, college, school or educational institution or scientific research institution approved by the Government of the first-mentioned Side shall be exempt from tax in the first-mentioned Side, for a period of three years from the date of his first arrival in the first-mentioned Side, in respect of remuneration for such teaching, lectures or research.
2. The exemption granted under paragraph 1 shall not apply to income from research if such research is undertaken not in the public interest but primarily for the private benefit of a specific person or persons.



## **Article 21 Students and Trainees**

1. Payments which a student, business apprentice or trainee who is or was immediately before visiting One Side a resident of the Other Side and who is present in the first-mentioned Side solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in that Side, provided that such payments arise from sources outside that Side.
2. In respect of grants, scholarships and remuneration from employment not covered by paragraph 1, a student, business apprentice or trainee described in paragraph 1 shall, in addition, be entitled during such education or training to the same exemptions, reliefs or reductions in respect of taxes available to residents of the Side which he is visiting.

### **Sub-article 21 Government Investment** **(Added by The Forth Protocol)**

A government or local authority of One Side shall directly or indirectly contribute to the participation of the governments and local authorities of Both Sides in cooperation. The fund established by the Other Side mainly for the purpose of people's livelihood, the income obtained directly or indirectly from the fund by the government or local authority of One Side shall be exempt from tax in the Other Side.

The funds jointly established by the governments and local authorities of the Both Sides. In Mainland, include the Guangdong Province and Macau Cooperative Development Fund and other funds jointly recognized by the competent authorities of the Both Sides. In Macau, include funds jointly recognized by the competent authorities of Both Sides.

## **Article 22 Other Income**

1. Items of income of a resident of One Side, wherever arising, not dealt with in the foregoing Articles of this Arrangement shall be taxable only in that Side.
2. The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6, if the recipient of such income, being a resident of One Side, carries on business in the Other Side through a permanent establishment situated therein, or performs in that Other Side independent personal services from a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.
3. Notwithstanding the provisions of paragraphs 1 and 2, the income of a resident of One Side which is not specified in the above-mentioned Articles of this Arrangement and occurs in the Other Side, may be taxed in that other party. **(Added by Protocol)**

## **Article 23 Methods for The Elimination of Double Taxation**

1. In the Mainland of China, double taxation shall be eliminated as follows:

Where a resident of the Mainland of China derives income from the Macau Special Administrative Region, the amount of tax paid in the Macau Special Administrative Region in respect of that income in accordance with the provisions of this Arrangement shall be allowed as a credit against the Mainland tax imposed on that resident. The amount of credit, however, shall not exceed the amount of the Mainland tax computed in respect of that income in accordance with the taxation laws and regulations of the Mainland of China.

2. In the Macau Special Administrative Region, double taxation shall be eliminated as follows:

- (1) Where the income derived by a resident of the Macau Special Administrative Region shall be taxable in the Mainland of China in accordance with the provisions of this Arrangement, except where the provisions of paragraph (b) apply, the amount of income shall be exempt from tax in the Macau Special Administrative Region.
- (2) Where the income derived by a resident of the Macau Special Administrative Region shall be taxable in the Mainland of China in accordance with the provisions of Articles 10, 11 and 12, the amount of tax paid in the Mainland of China in respect of that income shall be allowed as a credit against the Macau tax imposed on that resident. The amount of credit, however, shall not exceed the amount of the Mainland tax payable in respect of the taxable income computed by the Mainland of China.

## **Article 24 Non-discrimination**

1. The taxation on a permanent establishment which an enterprise of One Side has in the Other Side shall not be less favourably levied in that Other Side than the taxation levied on enterprises of that Other Side carrying on the same activities. The provisions of this paragraph shall not be construed as obliging One Side to grant to residents of the Other Side any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.
2. Except where the provisions paragraph 1 of Article 9, paragraph 7 of Article 11, or paragraph 6 of Article 12, apply, interest, royalties and other disbursements paid by an enterprise of One Side to a resident of the Other Side shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned Side.

3. Enterprises of One Side, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the Other Side, shall not be subjected in the first-mentioned Side to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned Side are or may be subjected.

#### **Article 25 Mutual Arrangement Procedure**

1. Where a person considers that the actions of one or both of the Sides result or will result for him in taxation not in accordance with the provisions of this Arrangement, he may, irrespective of the remedies provided by the law of those Sides, present his case to the competent authority of the Side of which he is a resident. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Arrangement.
2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual Arrangement with the competent authority of the Other Side, with a view to the avoidance of taxation which is not in accordance with the provisions of this Arrangement. Any Arrangement reached shall be implemented notwithstanding any time limits in the domestic law of the Sides.
3. The competent authorities of the Sides shall endeavour to resolve by mutual Arrangement any difficulties or doubts arising as to the interpretation or application of the Arrangement. They may also consult together for the elimination of double taxation in cases not provided for in this Arrangement.
4. The competent authorities of the Sides may communicate with each other directly for the purpose of reaching an Arrangement in the sense of the paragraphs 2 and 3. When it seems advisable for reaching Arrangement, representatives of the competent authorities of the Sides may meet together for an oral exchange of opinions.

## **Article 26 Exchange of Information** **(Revised by The Second Protocol)**

1. The competent authorities of the Sides shall exchange such information as is necessary for carrying out the provisions of this Arrangement or of the domestic laws of the Sides concerning taxes covered by the Arrangement, insofar as the taxation thereunder is not contrary to this Arrangement, in particular for the prevention of evasion of such taxes. The exchange of information is not restricted by Article 1 and Article 2.
2. Any information received by One Side shall be treated as secret and shall be disclosed only to persons or authorities (including courts and administrative bodies) involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by the Arrangement. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.
3. In no case shall the provisions of paragraph 1 and paragraph 2 be construed so as to impose on One Side the obligation:
  - (1) to carry out administrative measures at variance with the laws and administrative practice of that or of the Other Side.
  - (2) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State.
  - (3) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process.

## **Sub-article 26 Judgment of Eligibility for Enjoying Preferential Arrangements** **(Revised by The Forth Protocol)**

Notwithstanding the provisions of other Articles of this arrangement, if after considering all relevant facts and circumstances, it can be reasonably determined that one of the main purposes of any arrangement or transaction that directly or indirectly brings the benefits of this arrangement, is to obtain the benefit, then relevant income is granted to the concession unless it can be confirmed that the conferral of the concession under these circumstances complies with the purpose and purpose of the relevant provisions of this arrangement.

## **Article 27 Other Provisions** **(Added by Protocol)**

This arrangement does not prevent One Side from exercising its right to prevent tax evasion (whether or not it is referred to as "evasion of tax"), but to the extent that it does not cause tax conflicts with this arrangement.

## Article 28 Entry into Force

The two Sides agreed to arrange for completion at their respective ends of the requisite approval procedure and to notify each other in writing thereof and that this Arrangement shall enter into force on the date on which the last of such notifications is given. This Arrangement shall have effect in respect of income derived during the taxable years beginning on or after the first day of January next following that in which this Arrangement enters into force.

## Article 29 Termination

This Arrangement shall continue in effect indefinitely but either Side may, on or before 30 June in any calendar year beginning after the expiration of a period of five years from the date of its entry into force, give to the other Side a written notice to terminate this Arrangement. In such event, this Arrangement shall cease to have effect in respect of income derived in any taxable year or any year of assessment commencing on or after 1 January in the year next following the year in which the notice of termination is given.

**For a detailed interpretation of The Fourth Protocol, please refer to: *Mainland China and Macau Arrangements on Avoiding Double Taxation and Preventing Tax Evasion with Respect to Taxes on Income The Fourth Protocol***



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## Reference List

1. Arrangement between the Mainland and Macau Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income  
*Signed on December 27, 2002*
2. Arrangement between the Mainland and Macau Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income - Protocol  
*Signed on July 15, 2009 in Macau*
3. Arrangement between the Mainland and Macau Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income – The Second Protocol  
*Signed on April 26, 2011 in Beijing*
4. Arrangement between the Mainland and Macau Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income – The Third Protocol  
*Signed on July 19, 2016 in Beijing*
5. Arrangement between the Mainland and Macau Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income – The Forth Protocol  
*Signed on November 28, 2019 in Macau*