
EXPLANATORY NOTE

(This note is not part of the Order)

The Schedule to this Order contains an agreement (“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 prevention of fiscal evasion. This Order brings the Agreement into effect.

The Agreement aims to eliminate the double taxation of income or gains arising in one country and paid to the residents of the other country. This is done 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. There are also specific measures which combat discriminatory tax treatment and provide for assistance in international tax enforcement.

Article 1 provides for citation.

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

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

- (a) in China, in respect of profit, income and capital gains arising in any tax year beginning on or after 1st January of the calendar year next following the date of entry into force;
- (b) in the United Kingdom,
 - (i) in respect of corporation tax, for any financial year beginning on or after 1st April next following the date of entry into force; and
 - (ii) in respect of income tax and capital gains tax, for any year of assessment beginning on or after 6th April next following the date of entry into force.

Until such time as the Agreement enters into force the agreement set out in the Schedule to the Double Taxation Relief (Taxes On Income) (China) Order 1984 (S.I. 1984/1826), as amended by the protocol set out in the Schedule to the Double Taxation Relief (Taxes on Income) (China) Order 1996 (S.I. 1996/3164), continues to have effect.

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.