

PROTOCOL

At the signature of the Agreement between the Government of the People's Republic of China and the Government of the French Republic for the avoidance of double taxation and the prevention of tax evasion with respect to taxes on income, both parties have agreed upon the following provisions which will form an integral part of the Agreement:

1. With respect to paragraph 3 of Article 5 of the Agreement, the supervision of the assembly or installation of equipment or of industrial or commercial plant by the enterprise which has sold such equipment or plant shall not constitute a permanent establishment for that enterprise if the costs for such supervision represent less than 5 per cent of the total amount of the sale, and if considered to be auxiliary to the sale.
2. With respect to paragraph 3 of Article 11 of the Agreement, royalties paid for the use of or the right to use industrial, commercial or scientific equipment shall be subject to tax on 60 per cent of the gross amount of such royalties.
3. Nothing in this Agreement shall affect the provisions of the Agreement on maritime shipping of 28 September 1975 and the Exchange of Letters, and of the Agreement of 23 January, 1979 on the reciprocal exemption from taxes and charges on air transport enterprises, concluded by the Government of the People's Republic of China and the Government of the French Republic.

DONE in duplicate in Paris, on 30 May 1984 in the Chinese and French languages, both texts being equally authentic.

**For the Government
of the People's Republic of China**

**For the Government
of the French Republic**