

	Sino-Germany Tax Agreement (Comprehensive avoidance of double taxation agreement )	Hongkong-Germany Tax Agreement (Non comprehensive avoidance of double taxation agreement )	Mainland and HongKong Tax Agreement (Comprehensive avoidance of double taxation agreement )
	<p>Summary: The latest edition of Sino-Germany Tax Agreement was signed at Berlin on the 28th day of March, 2014. First, in this new agreement, a building site makes a permanent establishment only where such site continues for a period of more than 12 months. 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 State in which the permanent establishment is situated or elsewhere, which is a relatively loose criteria. Second, under the provision of income from property, shares in which there is substantial and regular trading on a recognized stock exchange provided that the total of the shares alienated by the resident during the fiscal year in which the alienation takes place does not exceed 3 per cent of the quoted shares, don't have to pay tax at the other Contracting State. This article further facilitates the less amount of indirect investment between China and Germany. Third, the artists and sportsmen, visiting professors, teachers and students are given preferential tax according to the Agreement. Income derived by an entertainer or sportsman who is resident in a Contracting State from activities exercised in the other Contracting State within the framework of a cultural exchange program agreed upon by the Governments of both Contracting States shall not be taxed in that other State. Fourth, as for methods for elimination of double taxation, in accordance with the provisions of the law of China, where the income derived from the Federal Republic of Germany is dividend paid by a company which is a resident of the Federal Republic of Germany to a company which is a resident of China and which owns not less than 20 per cent of the shares of the company paying the dividend, the credit shall take into account the tax paid to the Federal Republic of Germany by the company paying the dividend in respect of its income. In accordance with the provisions of the law of the Federal Republic of Germany, in the case of items of income from dividends, the preceding provision shall apply only to such dividends as are paid to a company (not including partnerships) being a resident of the Federal Republic of Germany by a company being a resident of China at least 25 per cent of the capital of which is owned directly by the German company and which were not deducted when determining the profits of the company distributing these dividends. Finally, in the terms of exchange of information, both sides agreed on bilateral tax information exchange should not only consider their own side of the tax benefits and overlooked the lawful tax rights and interests of each other.</p>	<p>Summary: The Agreement is a non-comprehensive avoidance of double taxation agreement and only provides the avoidance of double taxation to the resident taxpayers who engage in the shipping.</p>	<p>Summary: HongKong and Mainland have different tax arrangement of Hong Kong as a consequence of different tax situation. By comparison of Sino-Germany Tax agreement and Mainland-HongKong Tax agreement, one of the biggest difference is the withholding income tax rate, 7% in Hong Kong and 10% in Germany, which helps Hong Kong to keep its role of Asian Financial center. Hong Kong is also taken as a springboard for foreign funding to invest in China.</p>
1. Taxes Covered	<p>In China: (i) the individual income tax; (ii) the enterprise income tax; Republic of Germany: (i) the income tax (Einkommensteuer); (ii) the corporation tax (Körperschaftsteuer); (iii) the trade tax (Gewerbesteuer); and (iv) the capital tax (Vermögenssteuer); including the supplements levied thereon</p> <p>In the Federal</p>	<p>In the Federal Republic of Germany: (i) Einkommensteuer (the income tax), (ii) Körperschaftsteuer (the corporation tax), (iii) Gewerbesteuer (the trade tax); including the supplements levied thereon</p> <p>In Hongkong: profits tax</p>	<p>In this Arrangement, the term "resident of One Side" means: (1) in the case of the Mainland of China, any person who, under the laws of the Mainland of China, is liable to tax therein by reason of his domicile, residence, place of head office, place of ef</p>
2. Resident	<p>For the purposes of this Agreement, the term "resident of a Contracting State" means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of incorporation, place of effective management or any other criterion of a similar nature, and also includes that State or its local authorities. This term, however, does not include any person who is liable to tax in that State in respect only of income from sources in that State or capital situated therein.</p>		<p>In this Arrangement, the term "resident of One Side" means: (1) in the case of the Mainland of China, any person who, under the laws of the Mainland of China, is liable to tax therein by reason of his domicile, residence, place of head office, 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 the Mainland of China in respect only of income from sources in the Mainland of China; (2) in the case of the Hong Kong Special Administrative Region: (i) an individual who ordinarily resides in the Hong Kong Special Administrative Region; (ii) an individual who stays in the Hong Kong Special Administrative Region for more than 180 days during a year of assessment or for more than 300 days in 2 consecutive years of assessment one of which is the relevant year of assessment; (iii) a company incorporated in the Hong Kong Special Administrative Region, or if incorporated outside the Hong Kong Special Administrative Region, being normally managed or controlled in the Hong Kong Special Administrative Region; (iv) any other person constituted under the laws of the Hong Kong Special Administrative Region, or if constituted outside the Hong Kong Special Administrative Region, being normally managed or controlled in the Hong Kong Special Administrative Region.</p>
3. Permanent Establishment	<p>A building site makes a permanent establishment only if last more than twelve months. "A building site, or construction, assembly or installation project or supervisory activities in connection therewith, but only if such site, project or activities last more than twelve months"</p>		<p>A building site makes a permanent establishment only if last more than six months. "A building site, a construction, assembly or installation project or supervisory activities in connection therewith, but only if such site, project or activities last more than 6 months."</p>
4. 税收分配规则 (The tax right assignment rules)			

5. Income from Immovable Property	Income from immovable property applies to the income from immovable property of an enterprise and to income from immovable property used for the performance of independent personal services.		Income from immovable property also applies to income derived from immovable property of an enterprise.
6. Business Profits	About deductions expenses as a permanent establishment."In determining the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere."		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 amounts (other than reimbursement of actual expenses) paid by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, remuneration, fees or any 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 determining the profits of a permanent establishment, for amounts (other than reimbursement of actual expenses) charged by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, remuneration, fees or any 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.
7. Shipping and Air Transport	1. This Agreement only includes shipping and air transport. 2. The tax right is different. "Profits from the operation of ships or aircraft in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated."	Profits from the operation of ships or aircraft in international traffic for resident enterprises shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated: (1) Profits from the operation of ships in international traffic shall be taxable only in the area of the Contracting State; (2) Capitals connected with the ships and related movable property in international traffic shall be taxable only in the area of the Contracting State; (3) Profits from the transfer of ships or related movable property in international traffic shall be taxable only in the area of the Contracting State; (4) The provisions of paragraph (1) also apply to profits from the participation in a pool, a joint business or an international operating agency. (5) "Profits from the operation of ships or aircraft in international traffic for enterprises in the Contracting State" include: a) Profits from the conveyance of passengers, animals, goods, mails or commodities; b) Profits from the rental on a fully equipped ships or empty ships; c) Profits from the rental on containers (including trailer and ancillary equipment to carry containers); d) Profits from the funding interest directly related to the operations.	1. This Agreement not only includes shipping and air transport, but land transport. 2. The tax right is different. Income and profits derived by an enterprise of One Side from the operation of ships, aircraft or land transport vehicles in shipping, air and land transport shall be exempt from tax (including business tax in the Mainland of China) in the Other Side.
8. Associated Enterprises			
9. Dividends	There is a more provision in dividends applicable tax rate for the agreement between China and Germany than the arrangement between the Mainland of China and the Hong Kong Special Administrative Region "15 per cent of the gross amount of the dividends where those dividends are paid out of income or gains derived directly or indirectly from immovable property within the meaning of Article 6 by an investment vehicle which distributes most of this income or gains annually and whose income or gains from such immovable property is exempted from tax."		
10. Interest	Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State. However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the interest.		Interest arising in One Side and paid to a resident of the Other Side may be taxed in that Other Side. However, such interest may also be taxed in the Side in which it arises and according to the laws of that Side, but if the beneficial owner of the interest is a resident of the Other Side the tax so charged shall not exceed 7% of the gross amount of the interest.

11. Royalties	Royalties arising in a Contracting State and beneficially owned by a resident of the other Contracting State may be taxed in that other State. However, such royalties may also be taxed in the Contracting State in which they arise and according to the laws of that State, but if the beneficial owner of the royalties is a resident of the other Contracting State, the tax so charged shall not exceed: a) in the case of royalties referred to in sub-paragraph a) of paragraph 3, 10 per cent of the gross amount of the royalties, and b) in the case of royalties referred to in sub-paragraph b) of paragraph 3, 10 per cent of the adjusted amount of the royalties. For the purpose of this sub-paragraph "the adjusted amount" means 60 per cent of the gross amount of the royalties.		Royalties arising in One Side and paid to a resident of the Other Side may be taxed in that Other Side. However, such royalties may also be taxed in the Side in which they arise and according to the laws of that Side, but if the beneficial owner of the royalties is a resident of the Other Side the tax so charged shall not exceed 7% of the gross amount of the royalties..
12. Capital Gain 财产收益/资本收益	Shares in which there is substantial and regular trading on a recognized stock exchange provided that the total of the shares alienated by the resident during the fiscal year in which the alienation takes place does not exceed 3 per cent of the quoted shares, <b>don't have to pay tax at the other Contracting State.</b>		
13. Independent Personal Services			
14. Income from Employment			
15. Directors' Fees			
16. Artistes and Sportsmen	Income derived by an entertainer or sportsman who is resident in a Contracting State from activities exercised in the other Contracting State within the framework of a cultural exchange program agreed upon by the Governments of both Contracting States shall not be taxed in that other State.		
17. Pensions			
18. Government Service			
19. Visiting Professors, Teachers and Students	An individual who visits a Contracting State at the invitation of that State or of a university, college, school, museum or other cultural institution of that State or under an official programme of cultural exchange for a period not exceeding two years solely for the purpose of teaching, giving lectures or carrying out research at such institution and who is, or was immediately before that visit, a resident of the other Contracting State shall be exempt from tax in the first mentioned State on his remuneration for such activity, provided that such remuneration is derived by him from outside that State. If the period exceeds two years, the remuneration for such activities may be taxed in the first-mentioned State from the beginning of the visit. However, the provisions of 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.		
20. Other Income			
21. Methods for Elimination of Double Taxation	In China, in accordance with the provisions of the law of China, double taxation shall be eliminated as follows: Where the income derived from the Federal Republic of Germany is dividend paid by a company which is a resident of the Federal Republic of Germany to a company which is a resident of China and which owns not less than 20 per cent of the shares of the company paying the dividend, the credit shall take into account the tax paid to the Federal Republic of Germany by the company paying the dividend in respect of its income. In the Federal Republic of Germany, in accordance with the provisions of the law of the Federal Republic of Germany, double taxation shall be eliminated as follows: In the case of items of income from dividends, the preceding provision shall apply only to such dividends as are paid to a company (not including partnerships) being a resident 17 of the Federal Republic of Germany by a company being a resident of China at least 25 per cent of the capital of which is owned directly by the German company and which were not deducted when determining the profits of the company distributing these dividends.		Where a resident company of One Side pays dividends to a resident company of the Other Side and that resident company of the Other Side, directly or indirectly, controls not less than 10% of the shares of the company which pays the dividends, the credit that the resident company of the Other Side is entitled to shall include the tax paid by the company which pays the dividends in respect of the profits from which such dividends are derived (but not exceeding the appropriate portion of profits incidental to the derivation of such dividends). The Holding ratio for both sides is 10%. However, the ratio for both sides is different in the agreement between China and Germany.
22. Exchange of Information	If information is requested by a Contracting State in accordance with this Article, the other Contracting State shall use its information gathering measures to obtain the requested information, even though that other State may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraph 3 but in no case shall such limitations be construed to permit a Contracting State to decline to supply information solely because it has no domestic interest in such information. In no case shall the provisions of paragraph 3 be construed to permit a Contracting State to decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person.		