

Agreed Amendment to the Agreement

between the Government of Hong Kong
and the Government of the Federal Republic of Germany
Done in Hong Kong on 5 May 1995
Concerning Air Services

**AGREED AMENDMENT TO THE AGREEMENT BETWEEN THE
GOVERNMENT OF HONG KONG AND THE GOVERNMENT OF
THE FEDERAL REPUBLIC OF GERMANY DONE IN HONG
KONG ON 5 MAY 1995 CONCERNING AIR SERVICES**

The Government of Hong Kong and the Government of the Federal Republic of Germany,

Desiring to amend the Agreement between the Government of Hong Kong and the Government of the Federal Republic of Germany of 5 May 1995 concerning Air Services to include an Article on Avoidance of Double Taxation,

Have agreed as follows:

ARTICLE 1

The following Article shall be inserted after Article 8 of the Agreement between the Government of Hong Kong and the Government of the Federal Republic of Germany of 5 May 1995 concerning Air Services: –

“ARTICLE 8A

Avoidance of Double Taxation

- (1) Revenues, gross receipts, income or profits derived from the operation of aircraft in international traffic by an airline of one Contracting Party, including participation in a pool service, a joint air transport operation or an international operating agency, which are subject to tax in the area of that Contracting Party shall be exempt from income tax, profits tax and all other taxes on revenues, receipts, income or profits imposed in the area of the other Contracting Party.
- (2) Capital and assets of an airline of one Contracting Party relating to the operation of aircraft in international traffic shall be exempt from all taxes on capital and assets imposed in the area of the other Contracting Party.
- (3) Gains from the alienation of aircraft operated in international traffic and movable property pertaining to the operation of such aircraft which are received by an airline of one Contracting Party shall be subject to tax only in the area of that Contracting Party.
- (4) For the purpose of this Article:
 - (a) the term “revenues, gross receipts, income or profits derived from the operation of aircraft in international traffic” shall include revenues, gross receipts, income or profits from the operation of aircraft for the carriage of persons, livestock, goods, mail, or merchandise including:
 - (i) the lease of aircraft on a charter basis;

- (ii) the sale of tickets for and the provision of services connected with such carriage, either for the airline itself or for any other airline;
- (iii) interest on funds directly connected with the operation of aircraft in international traffic;
- (b) the term “international traffic” means any carriage by an aircraft except when such carriage is solely between places in the area of the other Contracting Party;
- (c) the term “airline of one Contracting Party” means an airline incorporated and having its principal place of business in the area of that Contracting Party.

(5) This Article shall not have effect as long as an Agreement for the avoidance of double taxation with respect to taxes on income providing for similar exemptions shall be in force between the Contracting Parties.”

ARTICLE 2

This Agreed Amendment and the Agreement between the Government of Hong Kong and the Government of the Federal Republic of Germany of 5 May 1995 concerning Air Services shall be interpreted and applied as one Agreement.

ARTICLE 3

This Agreed Amendment shall enter into force as soon as the Contracting Parties have informed each other in writing that any necessary procedures have been completed. The relevant date shall be the day on which the last communication is received. Article 8A shall thereupon have effect as from the taxation year or year of assessment beginning on or after 1 January 1998.

Done, in duplicate, at Hong Kong this 8th day of May 1997 in the English and German languages, both texts being equally authoritative.

For the Government of
Hong Kong:

For the Government of
the Federal Republic of Germany: