

EXCHANGE OF NOTES

His Excellency

Zhao Ziyang,

Premier of the State Council of the People's Republic of China.

Beijing, April 30, 1984

Excellency:

I have the honor to refer to the Agreement between the Government of the United States of America and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Tax Evasion with Respect to Taxes on Income which was signed today (hereinafter referred to as "the Agreement") and to confirm, on behalf of the Government of the United States of America, the following understanding reached between the two Governments:

Both sides agree that a tax sparing credit shall not be provided in Article 22 of this Agreement at this time. However, the Agreement shall be promptly amended to incorporate a tax sparing credit provision if the United States hereafter amends its laws concerning the provision of tax sparing credits, or the United States reaches agreement on the provisions of a tax sparing credit with any other country.

I have the honor to request Your Excellency to confirm the foregoing understanding on behalf of Your Excellency's Government.

I avail myself of this opportunity to assure Your Excellency of my highest consideration.

President of the United States of America Ronald Reagan

His Excellency

Ronald Reagan,

President of the United States of America.

Beijing, April 30, 1984

Excellency:

I have the honour to acknowledge receipt of Your Excellency's Note of today's date, which reads as follows:

"I have the honor to refer to the Agreement between the Government of the United States of America and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Tax Evasion with Respect to Taxes on Income which was signed today (hereinafter referred to as "the Agreement") and to confirm, on behalf of the Government of the United States of America, the following understanding reached between the two Governments.

Both sides agree that a tax sparing credit shall not be provided in Article 22 of the Agreement at this time. However, the Agreement shall be promptly amended to incorporate a tax sparing credit provision if the United States hereafter amends its laws concerning the provision of tax sparing credits, or the United States reaches agreement on the provision of a tax sparing credit with any other country.

I have the honor to request Your Excellency to confirm the foregoing understanding on behalf of Your Excellency's Government.

"I avail myself of this opportunity to assure Your Excellency of my highest consideration."

I have the honour to confirm the understanding contained in Your Excellency's Note, on behalf of the Government of the People's Republic of China.

I avail myself of this opportunity to assure Your Excellency of my highest consideration.

Premier of the State Council of the People's Republic of China

Zhao Ziyang