

L. N. 43 of 1999

SPECIFICATION OF ARRANGEMENTS (GOVERNMENT OF THE REPUBLIC OF MAURITIUS CONCERNING AIR SERVICES)

(DOUBLE TAXATION) ORDER

(Made by the Chief Executive in Council under section 49 of the Inland Revenue Ordinance (Cap. 112))

1. Declaration under section 49

For the purposes of section 49 of the Ordinance it is declared that the arrangements referred to in section 2 have been made with the Government of a territory outside Hong Kong with a view to affording relief from double taxation in relation to income tax and any tax of a similar character imposed by the laws of that territory, and that it is expedient that those arrangements should have effect.

2. Arrangements specified

The arrangements mentioned in section 1 are in Article 9 of the Agreement between the Government of the Hong Kong Special Administrative Region of the People's Republic of China and the Government of the Republic of Mauritius concerning Air Services done in duplicate at Hong Kong on 3 July 1998 in the English language as specified in the Schedule and having effect according to the tenor of that Agreement.

SCHEDULE [s. 2]

ARTICLE 9

of the

AGREEMENT BETWEEN THE GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA AND THE GOVERNMENT OF THE REPUBLIC OF MAURITIUS CONCERNING AIR SERVICES

Done, in duplicate, at Hong Kong on the 3rd day of July 1998 in the English language.

"ARTICLE 9

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 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, in the case of the Hong Kong Special Administrative Region, an airline incorporated and having its principal place of business in the Hong Kong Special Administrative Region and, in the case of the Republic of Mauritius, an airline substantially owned and effectively controlled by the Government of the Republic of Mauritius or its nationals.

(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. "

Mable CHAN

Clerk to the Executive Council

Council Chamber

2 February 1999

Explanatory Note

This Order specifies Article 9 of the Agreement between the Government of the Hong Kong Special Administrative Region of the People's Republic of China and the Government of the Republic of Mauritius concerning Air Services done at Hong Kong on 3 July 1998 as a double taxation relief arrangement under section 49 of the Inland Revenue Ordinance (Cap. 112).