

EXCHANGE OF NOTES

His Excellency

Mr. JIN Xin

General Director of the

STATE TAX ADMINISTRATION

BEIJING 6th July, 1990

Excellency,

Referring to the Agreement between the Government of the People's Republic of China and the Swiss Federal Council on the avoidance of double taxation with respect to taxes on income and on capital which was signed today, I can confirm the following:

According to the laws and practice in force in Switzerland

1. The Government of the People's Republic of China is exempt from Swiss tax on interest on deposits opened

(a) with a Swiss bank if these deposits are held exclusively for the purpose of the diplomatic and consular missions of the People's Republic of China in Switzerland and if the People's Republic of China grants reciprocal treatment to interest on deposits held by the Swiss Government in China for the same purpose, or

(b) With the BANK FOR INTERNATIONAL SETTLEMENTS in Basle, Switzerland.

2. The CENTRAL BANK OF CHINA is exempt from Swiss tax on interest on deposits held on its own account

(a) with a Swiss bank if such deposits originate from money market transactions carried out by the CENTRAL BANK OF CHINA, or

(b) with the BANK FOR INTERNATIONAL SETTLEMENTS in Basle,
Switzerland.

I avail myself of this opportunity to renew to Your Excellency the assurances of
my highest consideration.

For the Swiss Federal Council

(E. Schurtenberger)