
LAW 18 NOVEMBER 2024, NO. 182

Ratification and Execution of the Agreement between the Government of the Italian Republic and the Government of the People's Republic of China for the Elimination of Double Taxation with respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance, with Protocol, done at Rome on 23 March 2019.
(24G00198)

In force as of: 7-1-2026



CP&O
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LEGAL & TAX ADVISORY

The Chamber of Deputies and the Senate of the Republic have approved;
THE PRESIDENT OF THE REPUBLIC
Promulgates
the following law:

Art. 1

Authorization to Ratify

1. The President of the Republic is authorized to ratify the Agreement between the Government of the Italian Republic and the Government of the People's Republic of China for the Elimination of Double Taxation with respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance, with Protocol, done at Rome on 23 March 2019.

Art. 2

Order of Execution

1. Full and complete execution is given to the Agreement referred to in Article 1, effective from the date of its entry into force, in accordance with the provisions of Article 29 of the said Agreement.

Art. 3

Financial Provisions

1. The burden arising from this law, estimated at 10,860,000 euros per year starting from 2025, shall be met by a corresponding reduction in the projections of the appropriation of the special fund for current expenditure, entered, for the purposes of the three-year budget 2024-2026, within the program "Reserve and Special Funds" of the mission "Funds to be Allocated" of the budget forecast of the Ministry of Economy and Finance for the year 2024, for the purpose of partially utilizing the allocation relating to the Ministry of Foreign Affairs and International Cooperation.
2. The activities provided for in Article 27 of the Agreement referred to in Article 1 of this law shall be provided for with the human, instrumental, and financial resources available under current legislation.

Art. 4

Entry into Force

This law shall enter into force on the day following its publication in the Official Gazette.

This law, bearing the seal of the State, shall be in-

cluded in the Official Collection of normative acts of the Italian Republic. All persons concerned are obliged to observe it and to ensure its observance as a law of the State.

Given at Rome, on 18 November 2024

MATTARELLA

Meloni, President of the Council of Ministers
Tajani, Minister of Foreign Affairs and International
Cooperation

Seen, the Keeper of the Seals: Nordio

AGREEMENT BETWEEN THE GOVERNMENT OF THE ITALIAN REPUBLIC AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA FOR THE ELIMINATION OF DOUBLE TAXATION WITH RESPECT TO TAXES ON INCOME AND THE PREVENTION OF TAX EVASION AND AVOIDANCE

The Government of the Italian Republic and the Government of the People's Republic of China,

Desiring to further develop their economic relationship and to enhance their cooperation in tax matters,

Intending to conclude an Agreement for the elimination of double taxation with respect to taxes on income without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in this Agreement for the indirect benefit of residents of third States),

Have agreed as follows:

ARTICLE 1

PERSONS COVERED

1. This Agreement shall apply to persons who are residents of one or both of the Contracting States.
2. For the purposes of this Agreement, income derived by or through an entity or arrangement that is treated as wholly or partly fiscally transparent under the tax laws of either Contracting State shall be considered to be income of a resident of a Contracting State but only to the extent that the income is treated, for purposes of taxation by that State, as the income of a resident of that State.
3. This Agreement shall not affect the taxation by a Contracting State of its residents except with respect to the benefits granted under para-

graph 2 of Article 9, paragraph 2 of Article 18, and Articles 19, 20, 21, 23, 25, 26 and 28.

ARTICLE 2

TAXES COVERED

1. This Agreement shall apply to taxes on income imposed on behalf of a Contracting State or of its political subdivisions or local authorities, irrespective of the manner in which they are levied.
2. There shall be regarded as taxes on income all taxes imposed on total income, or on elements of income, including taxes on gains from the alienation of movable or immovable property, taxes on the total amounts of wages or salaries paid by enterprises, as well as taxes on capital appreciation.
3. The existing taxes to which the Agreement shall apply are in particular:
 - a. in China:
 - i. the individual income tax;
 - ii. the enterprise income tax; (hereinafter referred to as "Chinese tax");
 - b. in Italy:
 - i. the personal income tax (l'imposta sul reddito delle persone fisiche);
 - ii. the corporate income tax (l'imposta sul reddito delle società);
 - iii. the regional tax on productive activities (l'imposta regionale sulle attività produttive); even if collected by withholding at source; (hereinafter referred to as "Italian tax").
4. The Agreement shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of the Agreement in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes that have been made in their respective taxation laws.

ARTICLE 3

GENERAL DEFINITIONS

1. For the purposes of this Agreement, unless the context otherwise requires:
 - a. the term "China" means the People's Republic of China; when used in a geographical sense, it means all the territory of the People's Republic of China, including its land territory, internal waters, territorial sea and the air space above them, in which the Chinese taxation laws apply, and any area beyond its territorial sea within which the People's Republic of China has sovereign rights or exercises jurisdiction in accordance with international law and its national legislation;
 - b. the term "Italy" means the Italian Republic and includes any area situated outside the territorial sea regarded as an area within which Italy, in accordance with its own legislation and with international law, exercises sovereign rights concerning the exploration and exploitation of the natural resources of the seabed and subsoil, as well as of the superjacent waters;
 - c. the expressions "a Contracting State" and "the other Contracting State" mean Italy or China as the context requires;
 - d. the term "person" includes an individual, a company and any other body of persons;
 - e. the term "company" means any body corporate or any entity that is treated as a body corporate for tax purposes;
 - f. the expressions "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;
 - g. the term "international traffic" means any transport by a ship or aircraft operated by an enterprise of a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;
 - h. the term "competent authority" means, in the case of China, the State Taxation Administration or its authorized representative, and in the case of Italy, the Ministry of Economy and Finance;
 - i. the term "national" means, in relation to a Contracting State:
 - i. any individual possessing the nationality of a Contracting State; and
 - ii. any legal person, partnership or association constituted in accordance with the laws in force in a Contracting State.
2. As regards the application of the Agreement at any time by a Contracting State, any term

not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that State for the purposes of the taxes to which the Agreement applies, any meaning under the applicable tax laws of that State prevailing over a meaning given to the term under other laws of that State.

ARTICLE 4 RESIDENT

1. 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 and any political subdivision or local authority thereof. However, this term does not include any person who is liable to tax in that State in respect only of income from sources in that State.
2. Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then his status shall be determined as follows:
 - a. he shall be deemed to be a resident only of the State in which he has a permanent home available to him; if he has a permanent home available to him in both States, he shall be deemed to be a resident only of the State with which his personal and economic relations are closer (centre of vital interests);
 - b. if the State in which he has his centre of vital interests cannot be determined, or if he does not have a permanent home available to him in either State, he shall be deemed to be a resident only of the State in which he has an habitual abode;
 - c. if he has an habitual abode in both States or in neither of them, he shall be deemed to be a resident only of the State of which he is a national;
 - d. if he is a national of both States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.
3. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, the competent au-

thorities of the Contracting States shall endeavour to determine by mutual agreement the Contracting State of which such person shall be deemed to be a resident for the purposes of this Agreement, having regard to its place of effective management, the place where it is incorporated or otherwise constituted and any other relevant factors. In the absence of such agreement, such person shall not be entitled to any relief or exemption from tax provided by this Agreement except to the extent and in such manner as may be agreed upon by the competent authorities of the Contracting States.

ARTICLE 5 PERMANENT ESTABLISHMENT

1. For the purposes of this Agreement, the term “permanent establishment” means a fixed place of business through which the business of an enterprise is wholly or partly carried on.
2. The term “permanent establishment” includes especially:
 - a. a place of management;
 - b. a branch;
 - c. an office;
 - d. a factory;
 - e. a workshop; and
 - f. a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.
3. The term “permanent establishment” also encompasses:
 - a. 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 12 months;
 - b. the furnishing of services, including consultancy services, by an enterprise through employees or other personnel engaged by the enterprise for such purpose, but only where activities of that nature continue (for the same or a connected project) within a Contracting State for a period or periods aggregating more than 183 days within any twelve-month period.
4. Notwithstanding the preceding provisions of this Article, the term “permanent establishment” shall be deemed not to include:
 - a. the use of facilities solely for the purpose of storage, display or delivery of goods or

- b. merchandise belonging to the enterprise;
 - b. the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
 - c. the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
 - d. the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise;
 - e. the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity not listed in subparagraphs (a) to (d) provided that such activity is of a preparatory or auxiliary character; or
 - f. the maintenance of a fixed place of business solely for the purpose of carrying on a combination of activities listed in subparagraphs (a) to (e) provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.
5. Notwithstanding the provisions of paragraphs 1 and 2, where a person - other than an agent of an independent status to whom paragraph 6 applies - is acting in a Contracting State on behalf of an enterprise of the other Contracting State, and has, and habitually exercises, in that first-mentioned State an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that first-mentioned State in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.
- 6.
- a. Paragraph 5 shall not apply when the person acting in a Contracting State on behalf of an enterprise of the other Contracting State carries on its business in the first-mentioned State as an independent agent and acts for the enterprise in the ordinary course of that business. Where, however, a person acts exclusively or almost exclusively on behalf of one or more enterprises to which it is closely related, that person shall not be considered to be an independent agent within the meaning of this paragraph with respect to any such enterprise.
 - b. For the purposes of this Article, a person shall be deemed to be closely related to an enterprise if, taking into consideration all the relevant facts and circumstances, one has control of the other or both are under the control of the same persons or enterprises. In any case, a person shall be deemed to be closely related to an enterprise if one possesses directly or indirectly more than 50 per cent of the beneficial interest in the other (or, in the case of a company, more than 50 per cent of the aggregate vote and value of the company's shares or of the beneficial equity interest in the company) or if another person possesses directly or indirectly more than 50 per cent of the beneficial interest (or, in the case of a company, more than 50 per cent of the aggregate vote and value of the company's shares or of the beneficial equity interest in the company) in the person and the enterprise.
7. The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

ARTICLE 6 INCOME FROM IMMOVABLE PROPERTY

- 1. Income derived by a resident of a Contracting State from immovable property (including income from agriculture or forestry) situated in the other Contracting State may be taxed in that other State.
- 2. The term "immovable property" shall have the meaning which it has under the law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture

and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships, boats and aircraft shall not be regarded as immovable property.

3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting, or use in any other form of immovable property.
4. The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of independent personal services.

ARTICLE 7 BUSINESS PROFITS

1. The profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to that permanent establishment.
2. Subject to the provisions of paragraph 3, where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.
3. 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.
4. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or

merchandise for the enterprise.

5. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.
6. Where profits include items of income which are dealt with separately in other Articles of this Agreement, then the provisions of those Articles shall not be affected by the provisions of this Article.

ARTICLE 8 INTERNATIONAL SHIPPING AND AIR TRANSPORT

1. Profits derived by an enterprise of a Contracting State from the operation of ships or aircraft in international traffic shall be taxable only in that Contracting State.
2. The provisions of paragraph 1 shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

ARTICLE 9 ASSOCIATED ENTERPRISES

1. Where
 - a. an enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State, or
 - b. the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State,

and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

2. Where a Contracting State includes in the profits of an enterprise of that State - and taxes accordingly - profits on which an enterprise of the other Contracting State has been charged to tax in that other State and the profits so included are profits which would have ac-

crued to the enterprise of the first-mentioned State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of the tax charged therein on those profits. Such adjustments shall be made only in accordance with the mutual agreement procedure of Article 26 of this Agreement.

ARTICLE 10 DIVIDENDS

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State.
2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed:
 - a. 5 per cent of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 25 per cent of the capital of the company paying the dividends for a period of 365 days which includes the day of the payment of the dividend (for the purpose of computing that period, no account shall be taken of changes of ownership that would directly result from a corporate reorganization, such as a merger or division, of the company that holds the shares or that pays the dividend);
 - b. 10 per cent of the gross amount of the dividends in all other cases.

This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

3. The term “dividends” as used in this Article means income from shares, “jouissance” shares or “jouissance” rights, mining shares, founders’ shares or other rights, not being debt-claims, participating in profits, as well as income from other rights which is subjected to the same taxation treatment as income from shares by the laws of the State of which the company making the distribution is a resident.
4. The provisions of paragraphs 1 and 2 shall not

apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or 14, as the case may be, shall apply.

5. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company, except in so far as such dividends are paid to a resident of that other State or in so far as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment or a fixed base situated in that other State, nor subject the company’s undistributed profits to a tax on the company’s undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.

ARTICLE 11 INTEREST

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.
2. 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:
 - a. 8 per cent of the gross amount of the interest if the interest is paid to a financial institution in connection with a loan granted for a period of not less than three years for the financing of investment projects;
 - b. 10 per cent of the gross amount of the interest in all other cases.
3. Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State shall be exempt from tax in that State if:
 - a. the debtor of the interest is the Govern-

- ment of that Contracting State or a local authority thereof;
- b. the interest is paid to the Government of the other Contracting State or a political subdivision or local authority thereof, the Central Bank of the other Contracting State, or any public entity or an entity the capital of which is wholly owned by the Government of the other Contracting State, or the interest is paid in connection with a loan guaranteed or insured by the Government of the other Contracting State or a political subdivision or local authority thereof, the Central Bank of the other Contracting State, or any public entity or an entity the capital of which is wholly owned by the Government of the other Contracting State.
4. Notwithstanding the provisions of paragraph 2, interest arising in Italy and paid to a beneficial owner of the interest resident in China, shall be exempt from Italian tax, provided that the issuer is the Bank of Italy, Cassa Depositi e Prestiti - CDP, the Italian Export Credit Agency - SACE, or the Italian Development Finance Institution - Simest.
 5. For the purpose of this Article, the term “interest” means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor’s profits, and, in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article.
 6. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or 14, as the case may be, shall apply.
 7. Interest shall be deemed to arise in a Con-

tracting State when the payer is a resident of that State.

However, when the payer of the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.

8. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.

ARTICLE 12 ROYALTIES

1. Royalties arising in a Contracting State and whose beneficial owner is a resident of the other Contracting State may be taxed in that other State.
2. 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 subparagraph a) of paragraph 3, 10 per cent of the gross amount of the royalties; and
 - b. in the case of royalties referred to in subparagraph b) of paragraph 3, 10 per cent of the adjusted amount of the royalties.
 - c. For the purposes of this subparagraph “the adjusted amount” means 50 per cent of the gross amount of the royalties.
3. For the purpose of this Article the term “royalties” means:
 - a. payments of any kind received as a consideration for the use of, or the right to use,

any copyright of literary, artistic or scientific work including software, any cinematograph films, or films or tapes for radio or television broadcasting, any patent, trade mark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience;

- b. payments of any kind received as a consideration for the use of, or the right to use, industrial, commercial or scientific equipment.
4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or 14, as the case may be, shall apply.
5. Royalties shall be deemed to arise in a Contracting State when the payer is a resident of that Contracting State.
However, when the payer of the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.
6. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.

ARTICLE 13 **CAPITAL GAINS**

1. Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 6 and situated in the other Contracting State may be taxed in that other State.
2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise) or of such fixed base, may be taxed in that other State.
3. Gains derived by an enterprise of a Contracting State from the alienation of ships or aircraft operated in international traffic or movable property pertaining to the operation of such ships or aircraft shall be taxable only in that Contracting State.
4. Gains derived by a resident of a Contracting State from the alienation of shares deriving more than 50 per cent of their value directly or indirectly from immovable property situated in the other Contracting State may be taxed in that other State.
5. Gains derived by a resident of a Contracting State from the alienation of shares of a company resident in the other Contracting State may be taxed in that other Contracting State if the alienator, at any time during the 12-month period preceding such alienation, has held, directly or indirectly, a participation of 25 per cent or more in the capital of such company.
6. Gains from the alienation of any property, other than that referred to in paragraphs 1 to 5, shall be taxable only in the Contracting State of which the alienator is a resident.

ARTICLE 14 **INDEPENDENT PERSONAL SERVICES**

1. Income derived by an individual who is a resident of a Contracting State in respect of professional services or other activities of an independent character shall be taxable only in that State except in the following circumstances,

when such income may also be taxed in the other Contracting State:

- a. if he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities; in that case, only so much of the income as is attributable to that fixed base may be taxed in that other State; or
 - b. if his stay in the other Contracting State is for a period or periods amounting to or exceeding in the aggregate 183 days in any twelve-month period commencing or ending in the fiscal year concerned; in that case, only so much of the income as is derived from his activities performed in that other State may be taxed in that other State.
2. The term “professional services” includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

ARTICLE 15 DEPENDENT PERSONAL SERVICES

1. Subject to the provisions of Articles 16, 18, 19 and 21, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.
2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State if:
 - a. the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in any twelve-month period commencing or ending in the fiscal year concerned, and
 - b. the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State, and
 - c. the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.
3. Notwithstanding the preceding provisions of

this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic by an enterprise of a Contracting State shall be taxable only in that Contracting State.

4. Payments received by a resident of a Contracting State after having ceased to be a resident of the other Contracting State, and received in consideration of an employment exercised in that other Contracting State such as severance payments or other lump sum payments of a similar nature, shall be taxable only in that other Contracting State.

ARTICLE 16 DIRECTORS' FEES

Directors' fees and other similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors of a company which is a resident of the other Contracting State may be taxed in that other State.

ARTICLE 17 ARTISTES AND SPORTSMEN

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as a sportsman, from his personal activities as such exercised in the other Contracting State, may be taxed in that other State.
2. Where income in respect of personal activities exercised by an entertainer or a sportsman in his capacity as such accrues not to the entertainer or sportsman himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised.
3. Notwithstanding the provisions of paragraphs 1 and 2, income derived by a resident of a Contracting State as an entertainer or a sportsman from his activities as such exercised in the other Contracting State, shall be exempt from tax in that other State if such activities are financed wholly or mainly from public funds of the first-mentioned State, or if such activities are exercised in the other State under a cultural exchange programme between the Governments of the two Contracting States.

**ARTICLE 18
PENSIONS**

1. Subject to the provisions of paragraph 2 of Article 19, pensions and other similar remuneration paid to a resident of a Contracting State in consideration of past employment shall be taxable only in that State.
2. Notwithstanding the provisions of paragraph 1, pensions and other similar payments made under the public social security system of a Contracting State or a political subdivision or a local authority thereof shall be taxable only in that State.

**ARTICLE 19
GOVERNMENT SERVICE**

1.
 - a. Salaries, wages and other similar remuneration, other than a pension, paid by the Government of a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to the Government of that State or subdivision or authority shall be taxable only in that State.
 - b. However, such salaries, wages and other similar remuneration shall be taxable only in the other Contracting State if the services are rendered in that State and the individual is a resident of that State who:
 - i. is a national of that State; or
 - ii. did not become a resident of that State solely for the purpose of rendering the services.
2.
 - a. Any pension paid by, or out of funds created by, a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to the Government of that State or subdivision or authority shall be taxable only in that State.
 - b. However, such pension shall be taxable only in the other Contracting State if the individual is a resident of, and a national of, that State.
3. The provisions of Articles 15, 16, 17 and 18 shall apply to salaries, wages, pensions, and other similar remuneration paid in respect of services rendered in connection with a business carried on by the Government of a Contracting State or

a political subdivision or a local authority thereof.

**ARTICLE 20
STUDENTS**

1. Payments which a student or business apprentice who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first-mentioned State solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in that State, provided that such payments arise from sources outside that State.
2. The benefits provided under this Article shall apply only for a period not exceeding six consecutive years from the date of his first arrival in the first-mentioned State.

**ARTICLE 21
TEACHERS AND RESEARCHERS**

1. Remuneration which an individual, who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first-mentioned State for the primary purpose of teaching, giving lectures or conducting research at a school, college, university, or other recognised educational or research institution officially recognised by the Government of that State, derives for such activities, shall be exempt from tax in the first-mentioned State for a period not exceeding, in the aggregate, three years from the date of his first arrival in that State.
2. The provisions of paragraph 1 shall not apply to income from research if such research is not in the public interest but is primarily for the private benefit of a specific person or persons.

**ARTICLE 22
OTHER INCOME**

1. Items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Agreement shall be taxable only in that State.
2. The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6, if the recipient of such income, being a resident of a Contracting State, carries on business

in the other Contracting State through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or 14, as the case may be, shall apply.

ARTICLE 23 ELIMINATION OF DOUBLE TAXATION

1. In China, double taxation shall be eliminated in accordance with the provisions of Chinese legislation as follows:
 - a. Where a resident of China derives income from Italy, the amount of tax payable in Italy in accordance with the provisions of this Agreement may be credited against the Chinese tax imposed on that resident. The amount of credit, however, shall not exceed the amount of the Chinese tax on that income computed in accordance with the taxation laws and regulations of China.
 - b. Where the income derived from Italy is a dividend paid by a company which is a resident of Italy 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 in Italy by the company paying the dividend in respect of its income.
2. In Italy, double taxation shall be eliminated as follows:

Residents of Italy who derive items of income which, in accordance with the provisions of this Agreement, are taxable in China, may include such items of income in the taxable base upon which Italian taxes are imposed, in accordance with the applicable provisions of Italian legislation.

In such a case, Italy shall allow as a deduction from the taxes so computed the tax on income paid in China, but the deduction shall not exceed the proportion of the Italian tax attributable to the aforesaid items of income in the proportion in which they form part of the total income.

However, no deduction shall be granted where the item of income is subjected in Italy, in accordance with Italian legislation, to taxation by

way of withholding or to substitute tax at the same rate as the withholding tax, upon the request or not of the recipient of the income.

ARTICLE 24 ENTITLEMENT TO BENEFITS

Notwithstanding the other provisions of this Agreement, a benefit under this Agreement shall not be granted in respect of an item of income if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of this Agreement.

ARTICLE 25 NON-DISCRIMINATION

1. Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances, in particular with respect to residence, are or may be subjected. This provision shall, notwithstanding the provisions of Article 1, also apply to persons who are not residents of one or both of the Contracting States.
2. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities. This provision shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.
3. Except where the provisions of paragraph 1 of Article 9, paragraph 8 of Article 11, or paragraph 6 of Article 12 apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions

as if they had been paid to a resident of the first-mentioned State.

4. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned State are or may be subjected.
5. The provisions of this Article shall, notwithstanding the provisions of Article 2, apply to taxes of every kind and description.

ARTICLE 26

MUTUAL AGREEMENT PROCEDURE

1. Where a person considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Agreement, he may, irrespective of the remedies provided by the domestic law of those States, present his case to the competent authority of the Contracting State of which he is a resident or, if his case comes under paragraph 1 of Article 25, to that of the Contracting State of which he is a national. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Agreement.
2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with the Agreement. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.
3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Agreement. They may also consult together for the elimination of double taxation in cases not provided for in the Agreement.
4. The competent authorities of the Contracting States may communicate directly with each

other for the purpose of reaching an agreement as indicated in paragraphs 2 and 3. If deemed necessary to reach an agreement, representatives of the competent authorities of the Contracting States may meet for an oral exchange of opinions.

ARTICLE 27

EXCHANGE OF INFORMATION

The competent authorities of the Contracting States shall exchange information that is foreseeably relevant for carrying out the provisions of this Agreement or for the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Contracting States, their political subdivisions or local authorities, insofar as the taxation thereunder is not contrary to the Agreement. The exchange of information is not restricted by Articles 1 and 2.

Any information received under paragraph 1 by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, the determination of appeals in relation to the taxes referred to in paragraph 1, or the oversight of the above. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

In no case shall the provisions of paragraphs 1 and 2 be construed so as to impose on a Contracting State the obligation:

- a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;
- b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;
- c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information the disclosure of which would be contrary to public policy (*ordre public*).

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.

ARTICLE 28
MEMBERS OF DIPLOMATIC MISSIONS AND CONSULAR POSTS

Nothing in this Agreement shall affect the fiscal privileges of members of diplomatic missions or consular posts under the general rules of international law or under the provisions of special agreements.

ARTICLE 29
ENTRY INTO FORCE

Each of the Contracting States shall notify the other, through diplomatic channels, of the completion of the internal legal procedures required by its laws for the entry into force of this Agreement. This Agreement shall enter into force on the thirtieth day after the date of receipt of the later of these notifications and shall have effect:

a) with respect to taxes withheld at source, on amounts realized on or after the first day of January of the first calendar year following that in which this Agreement enters into force; and

b) with respect to other taxes on income, for taxes chargeable for any taxable period beginning on or after the first day of January of the first calendar year following that in which this Agreement enters into force.

The Agreement between the Government of the

People's Republic of China and the Government of the Italian Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, signed at Beijing on 31 October 1986, shall cease to have effect from the date upon which the provisions of this Agreement become applicable in accordance with the provisions of this Article.

ARTICLE 30
TERMINATION

This Agreement shall remain in force indefinitely, but either Contracting State may, on or before the thirtieth day of June in any calendar year beginning after the expiration of a period of five years from the date of its entry into force, give written notice of termination through diplomatic channels. In such event, this Agreement shall cease to have effect:

a) with respect to taxes withheld at source, on amounts realized on or after the first day of January of the first calendar year following that in which the notice of termination is given; and

b) with respect to other taxes on income, for taxes chargeable for any taxable period beginning on or after the first day of January of the first calendar year following that in which the notice of termination is given.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective Governments, have signed this Agreement.

Done at Rome, this 23rd day of March 2019, in duplicate in the Italian, Chinese and English languages, all texts being equally authentic. In the case of divergence in interpretation or application, the English text shall prevail.



CPO & Partners (Shanghai) Co.,Ltd.
Yan 'an middle road n.841, Jing 'an District 200040, Shanghai - OOCL Plaza, Floor 26, Suite 2604, 2605
Tel: +86 021 63120097 – www.cpopartners.com – e-mail: shanghai@cpopartners.com