

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
THE STATE ADMINISTRATION OF TAXATION OF  
THE PEOPLE’S REPUBLIC OF CHINA  
AND  
THE MINISTER OF FINANCE OF BERMUDA**

To facilitate proper application of the Agreement between the Government of the People’s Republic of China and the Government of Bermuda for the Exchange of Information Relating to Taxes (hereinafter referred to as “the Agreement”), the State Administration of Taxation of the People’s Republic of China and the Minister of Finance of Bermuda (hereinafter referred to as “the competent authorities”) have decided upon the following:

**Section I  
Interpretation of Article 3**

Information exchanged shall not be used for the purposes of taxes other than those covered by Article 3 of the Agreement.

**Section II  
Interpretation of Article 4**

For the purposes of sub-paragraph (k) of Article 4.1 of the Agreement, the term “recognized stock exchange” means:

- (a) in the People’s Republic of China:  
the Shanghai Stock Exchange or the Shenzhen Stock Exchange;
- (b) in Bermuda:  
the Bermuda Stock Exchange;
- (c) any other stock exchange which the competent authorities agree to recognize  
for the purposes of this sub-paragraph.

**Section III  
Interpretation of Article 8**

For the purposes of paragraph 1 of Article 8 of the Agreement, the term “persons or authorities” used in the context of that Article means persons or authorities in the jurisdiction of each of the Contracting Parties.

## **Section IV**

### **Interpretation of Article 10**

1. With regard to Article 10 of the Agreement, costs that would be incurred in the ordinary course of administering the domestic tax laws of the Requested Party will be borne by the Requested Party when such costs are incurred for the purpose of responding to a request for information. Such ordinary costs would normally cover internal administration costs and any minor external costs.
  
2. All other costs that are not ordinary costs are considered extraordinary costs and will be borne by the Requesting Party. Examples of extraordinary costs include, but are not limited to, the following:
  - (a) reasonable fees charged by third parties for carrying out research;
  - (b) reasonable fees charged by third parties for copying documents;
  - (c) reasonable costs of engaging experts, interpreters, or translators;
  - (d) reasonable litigation costs of the Requested Party in relation to a specific request for information; and
  - (e) reasonable costs for obtaining depositions or testimony.
  
3. The competent authorities will consult each other in any particular case where extraordinary costs are likely to exceed US \$1000 to determine whether the Requesting Party will continue to pursue the request and bear the cost.

## **Section V**

### **Interpretation of “Foreseeably Relevant” and “Foreseeable Relevance”**

The term “foreseeably relevant” and the term “foreseeable relevance” used in the context of the Agreement means the OECD standard for “foreseeably relevant” and “foreseeable relevance” as explained in paragraphs numbered 3 and 4 of the COMMENTARY on Article 1 of the OECD MODEL AGREEMENT ON EXCHANGE OF INFORMATION ON TAX MATTERS.

## **Section VI**

### **Entry into Force**

1. This Memorandum of Understanding will come into effect on the date of entry into force of the Agreement and will remain in force until terminated by either competent authority. Notification of termination can be made at any time and must be in writing. This Memorandum of Understanding will terminate 60 days after the date of receipt of the notification of termination.

2. The competent authorities may amend this Memorandum of Understanding at any time in the form of exchange of letters. The amended Memorandum of Understanding will come into effect on the date of the final letter arranging the amendment.

**DONE** at Hamilton in duplicate this 2<sup>nd</sup> day of December 2010, in the Chinese and English languages, both texts being equally authentic.

**For the State Administration of Taxation  
of the People's Republic of China**

WANG Li

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**For the Minister of Finance  
of Bermuda**

Paula Cox

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