

**AGREEMENT BETWEEN THE DEPARTMENT OF TAXATION OF
THE MINISTRY OF FINANCE OF THE REPUBLIC OF CHINA AND
THE TAX ADMINISTRATION OF THE MINISTRY OF FINANCE OF
THE GRAND-DUCHY OF LUXEMBOURG FOR THE RECIPROCAL
EXEMPTION FROM TAXES ON REVENUES OR INCOME DERIVED
FROM THE OPERATION OF INTERNATIONAL AIR TRANSPORT**

The Tax Administration of the Ministry of Finance of the Grand-Duchy of Luxembourg and the Department of Taxation of the Ministry of Finance of the Republic of China,

Desiring to conclude an agreement for the reciprocal exemption from taxes on revenues or income derived from the operation in international traffic of aircraft,

Have agreed as follows :

ARTICLE I

The Department of Taxation of the Ministry of Finance of the Republic of China shall exempt, on the basis of reciprocity; the airline designated by the Department of Civil Aviation of the Ministry of Transport of the Grand-Duchy of Luxembourg (Cargolux Airlines International S.A.) from taxes on revenues (gross amount of income) or income derived from the operation of international air transport chargeable in the Republic of China. The taxes mentioned above include, but are not limited to business income tax, business tax including educational surtax and stamp tax.

ARTICLE II

The Tax Administration of the Ministry of Finance of the Grand-Duchy of Luxembourg shall exempt, on the basis of reciprocity, the airline designated by the Civil Aeronautics Administration of Ministry of Communications of the Republic of China (China Airlines Limited) from taxes on revenues (gross amount of income) or income derived from the operation of international air transport chargeable in the Grand-Duchy of Luxembourg and on capital represented by aircraft operated in this transport and by movable property pertaining to this operation. The taxes mentioned above include, but are not limited to corporation tax, capital tax, communal trade tax and communal tax on the total amount of salaries.

ARTICLE III

This Agreement shall enter into force on the date of signature and may be terminated by either Party by giving to the other Party a written notice of

termination at least six months before the end of any calendar year and, in such event, this Agreement shall cease to be effective for revenues (gross amount of income) or income accrued or derived on or after January 1st of the following calendar year.

IN WITNESS WHEREOF, the undersigned, being duly authorized for this purpose, have signed this Agreement.

Done in duplicate, in the English language, at Luxembourg, on this 4th day of March of the year One Thousand Nine Hundred and Eighty-five.

For the Department of Taxation
of the Ministry of Finance
of the Republic of China

Chia-Chuen Hsueh
Director General

For the Tax Administration
of the Ministry of Finance
of the Grand-Duchy of Luxembourg

Jean Olinger
Director