



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF
CHIEF COUNSEL

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CC:INTL:Br1: [REDACTED]
GENIN-131237-03

[REDACTED]

Dear [REDACTED]:

Reference: Application of U.S.-China Income Tax Treaty

This responds to your letter to the Office of Chief Counsel dated May 16, 2003, regarding the taxation of pensions paid by the state of Pennsylvania to individuals who reside in, and are citizens of, China. In response to your inquiry, we are providing the following general information. This information letter is advisory only and has no binding effect on the Internal Revenue Service.

You have requested general information regarding the application of the United States–China income tax treaty (“Treaty”), available on the Internet at <http://www.irs.gov/pub/irs-trty/china.pdf>, to pension payments received by Chinese citizens and residents from the [REDACTED]. You have asked whether these pension payments are taxable solely in China.

Article 17, paragraph 1 (Pensions and Annuities) of the Treaty provides that “pensions and other similar remuneration paid to a resident of a Contracting State in consideration of past employment shall be taxable only in that Contracting State.” Simply stated, pensions paid to a resident of China in consideration of past employment are taxable only in China.

We hope this information will be helpful to you. If you require a definitive determination of the law applicable to your particular facts, you may submit a request for a private letter ruling to this office pursuant to the rules set forth in Revenue Procedure 2003-1, which is available on the Internet at <http://www.irs.gov/pub/irs-irb/irb03-01.pdf>. If you should have any further questions in this matter, please contact [REDACTED] at [REDACTED]

Sincerely,
M. Grace Fleeman
Senior Counsel, Branch 1
Office of Associate Chief Counsel
(International)