



Hong Kong Tax News

Hong Kong - Qatar Tax Treaty Signed



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Hong Kong signed a comprehensive double taxation agreement with Qatar ("HK-Qatar DTA") on 13 May 2013. This is the 29th comprehensive double taxation agreement concluded by Hong Kong.

About Qatar

State of Qatar (卡塔爾) is a sovereign Arab state located next to Saudi Arabia. Qatar has proven reserves of oil and natural gas. The main drivers for the rapid growth of Qatar economy are attributed to the increases in production and exports of liquefied natural gas, oil, petrochemicals, and related industries.

Key features of HK-Qatar DTA

- **Dividends, Interest, Royalties**

Below is a comparison of the withholding tax rates of dividends, interest and royalties under the respective domestic tax law and the HK-Qatar DTA:

	Dividends	Interest	Royalties
HK non-DTA rate	0%	0%	4.95% (Note)
Qatar non-DTA rate	0%	7%	5%
HK-Qatar DTA rate	0%	0%	5%

Note: The 4.95% rate applies (i) if the royalty is not paid to a related party; or (ii) if the royalty is paid to a related party, the licensed intellectual property has never been owned in whole or in part by a person carrying on business in Hong Kong. Otherwise, the rate is 16.5%.

- **Capital Gains**

In the absence of the HK-Qatar DTA, capital gains arising in Qatar are regarded as taxable income and subject to tax in Qatar. Under the HK-Qatar DTA, capital gain derived by a Hong Kong resident investor on the disposal of shares in a Qatar entity is generally not taxable in Qatar, except the company whose shares being disposed of derives more than 50% of its asset value from immovable property in Qatar (with some exceptions).

- ***International Transport***

Profits from international transport arising in Qatar that are earned by Hong Kong residents will not be taxed in Qatar.

Exchange of information

The HK-Qatar DTA has incorporated an article on exchange of information.

Effective date

The HK-Qatar DTA will come into force after the completion of ratification procedures on both sides.

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