



## Hong Kong Tax Newsflash

### Hong Kong-Serbia tax treaty signed



Hong Kong SAR (HK) signed a Comprehensive Double Tax Agreement (CDTA) with the Republic of Serbia on 27 August 2020. Serbia is one of the emerging economies participating in the Belt and Road Initiative. This is the 44th CDTA concluded by HK.

Below is a comparison of the withholding tax rates applicable to dividends, interest and royalties, under the respective domestic tax law and the HK-Serbia CDTA:

	Dividends	Interest	Royalties
HK non-CDTA rate	0%	0%	4.95%/16.5% <sup>NB1</sup>
Serbia non-CDTA rate	20%	20%/25% <sup>NB2</sup>	20%/25% <sup>NB2</sup>
HK- Serbia CDTA rate	5%/10% <sup>NB3</sup>	0%/10% <sup>NB4</sup>	5%/10% <sup>NB5</sup>

*NB1: The 4.95% rate generally applies. If the royalty is paid to an associated entity and the intellectual property has been owned by a person carrying on business in HK, the higher rate of 16.5% applies. If the taxpayer is eligible for two-tiered tax rates, 2.475% (or 8.25% if higher rate) applies on the first HKD 2 million of assessable profits and 4.95% (or 16.5% if higher rate) on the remaining amount.*

*NB2: 20% for payments made to a non-resident company in general; 25% for payments made to a non-resident company in a jurisdiction with a preferential tax regime.*

*NB3: 5% if the beneficial owner is a company which holds directly at least 25% of the capital of the company throughout a 365 day period; 10% in all other cases.*

NB4: The 0% rate will apply to interest paid by the government of Hong Kong, the Hong Kong Monetary Authority, or the Exchange Fund of Hong Kong to the government of Serbia or the National Bank of Serbia, or by the government of Serbia, or the National Bank of Serbia to the Hong Kong government, the Hong Kong Monetary Authority, or the Exchange Fund of Hong Kong; otherwise, the rate will be 10%.

NB5: 5% for royalties received for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films or films or tapes used for radio or television broadcasting; 10% for royalties received for the use of, or the right to use, any patent, trade mark, design or model, plan, secret formula or process, or for the use of or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.

The HK-Serbia CDTA will come into force after the completion of ratification procedures by both jurisdictions. The CDTA can be downloaded from this [link](#).

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If you have any questions, please contact our professionals:

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