



Hong Kong Tax Newsflash

Hong Kong-Georgia tax treaty in force



The Comprehensive Double Taxation Agreement (CDTA) for Hong Kong-Georgia has come into force on 1 July 2021, after the completion of ratification procedures. The CDTA will be in effect starting from the year of assessment 2022/23 in Hong Kong and from 1 January 2022 in Georgia.

The Hong Kong-Georgia CDTA was signed in October 2020 and can be downloaded from this [link](#). Please also refer to our previous [Hong Kong Tax Newsflash \(Issue 131\)](#) for the key features of the CDTA.

In addition to the provision of more beneficial withholding tax rates applicable to dividends, interest and royalties, the Hong Kong-Georgia CDTA provides beneficial treatment on capital gains. For example, capital gains derived by a Hong Kong investor from the disposal of shares of a Georgian company (except land-rich¹) are generally exempt from tax in Georgia under the CDTA.

¹ *Capital gains derived by a Hong Kong resident from the alienation of shares or comparable interests, such as interests in a partnership or trust, may be taxed in Georgia if, at any time during the 365 days preceding the alienation, these shares or comparable interests derived more than 50% of their value directly or indirectly from immovable property situated in Georgia.*

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