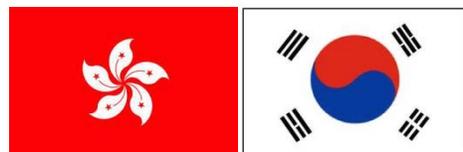


Tax Newsflash



Hong Kong Tax News

Hong Kong-Korea Tax Treaty Signed

Hong Kong signed a comprehensive double taxation agreement with Korea ("HK-Korea DTA") on 8 July 2014. This is the 30th comprehensive double taxation agreement concluded by Hong Kong.

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

	Dividends	Interest	Royalties
HK non-DTA rate	0%	0%	4.95% (NB1)
Korea non-DTA rate	22%*	15.4% or 22%*	22%*
HK-Korea DTA rate	10% / 15% (NB2)*	0% / 10% (NB3)*	10%*

NB1: 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 of the company paying the dividends. The 15% rate applies to all other cases.

NB3: The 0% rate applies to interest payments to the government and certain institution appointed and mutually agreed by the competent authorities of both sides. The 10% rate applies to all other cases.

* Including resident surtax in Korea

The HK-Korea DTA will come into force after the completion of ratification procedures on both sides. Details of the HK-Korea DTA can be found on the Inland Revenue Department's website (www.ird.gov.hk/eng/pdf/Agreement_Korea_HongKong.pdf).

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