



## Hong Kong Tax News

### Hong Kong - Italy Tax Treaty Signed

Hong Kong signed a comprehensive double taxation agreement with Italy ("HK-Italy DTA") on 14 January 2013. This is the 27<sup>th</sup> 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-Italy DTA:

	<b>Dividends</b>	<b>Interest</b>	<b>Royalties</b>
<b>HK non-DTA rate</b>	0%	0%	4.95% <sup>(NB1)</sup>
<b>Italy non-DTA rate</b>	20%	20%	22.5%
<b>HK-Italy DTA rate</b>	10%	0% <sup>(NB2)</sup> / 12.5%	15%

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%.

NB2: Certain interest received by or paid to the government is exempt from tax (i.e. subject to the 0% rate).

Details of the HK-Italy DTA can be found on the [Inland Revenue Department's website](#).

It will come into force after the completion of ratification procedures on both sides.

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