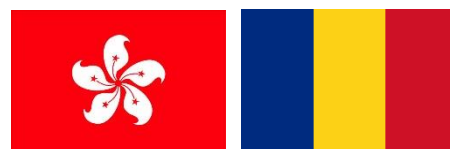


Tax Newsflash



Hong Kong Tax News

HK-Romania Tax Treaty Signed

Hong Kong (HK) signed a comprehensive agreement for the avoidance of double taxation (DTA) with Romania on 18 November 2015. This is the 33rd DTA concluded by HK.

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

	Dividends	Interest	Royalties
HK non-DTA rate	0%	0%	4.95% (NB1)
Romania non-DTA rate	0% (NB2) / 16%	16%	16%
HK-Romania DTA rate	0% / 3% / 5% (NB3)	0% / 3% (NB4)	3%

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: Qualifying payments to EU companies may be exempt under EU directives.

NB3: The 0% rate applies to dividends to the government, the Hong Kong Monetary Authority or certain financial institutions appointed by the government; the 3% rate applies if the beneficial owner is a company (other than a partnership) which holds directly at least 15% of the capital of the company paying the dividends; the 5% rate applies to all other cases.

NB4: The 0% rate applies as long as HK levies no WHT on interest or the interest is paid to the government, the Hong Kong Monetary Authority or certain financial institutions appointed by the government; the 3% rate applies to all other cases.

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

The DTA can be downloaded from this link

(www.ird.gov.hk/eng/pdf/Agreement_Romania_HongKong.pdf).

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If you have any questions please contact:

Davy Yun

Tax Partner

Tel: +852 2852 6538

Email: dyun@deloitte.com.hk

Doris Chik

Senior Tax Manager

Tel: +852 2852 6608

Email: dchik@deloitte.com.hk

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35/F One Pacific Place
88 Queensway
Hong Kong

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