

## Tax Newsflash



# Hong Kong Tax News

## HK-Latvia Tax Treaty Signed

Hong Kong (HK) signed a comprehensive agreement for the avoidance of double taxation (CDTA) with Latvia on 13 April 2016. Latvia is one of the countries along the Belt and Road. This is the 35th CDTA 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-Latvia CDTA:

	Dividends	Interest	Royalties
HK non-CDTA rate	0%	0%	4.95%/16.5% (NB1)
Latvia non-CDTA rate	up to 30%	up to 30%	up to 23%
HK-Latvia CDTA rate	0% / 10% (NB2)	0% / 10% (NB2)	0% / 3% (NB3)

*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: 0% for beneficial owner being a company (other than a partnership) or the government; 10% in all other cases.*

*NB3: 0% for industrial, commercial or scientific equipment or for information concerning industrial commercial or scientific experience; 3% in all other cases.*

The HK-Latvia CDTA will come into force after the completion of ratification procedures on both sides. The CDTA can be downloaded from this link

([www.ird.gov.hk/eng/pdf/Agreement\\_Latvia\\_HongKong.pdf](http://www.ird.gov.hk/eng/pdf/Agreement_Latvia_HongKong.pdf)).

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