



## Hong Kong Tax News

### Hong Kong – Guernsey Tax Treaty Signed

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Hong Kong signed a comprehensive double taxation agreement with Guernsey ("HK-Guernsey DTA") on 22 April 2013. This is the 28th 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-Guernsey DTA:

	Dividends	Interest	Royalties
HK non-DTA rate	0%	0%	4.95% (Note)
Guernsey non-DTA rate	0%	0%	0%
HK-Guernsey DTA rate	0%	0%	4%

Note: 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%.

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

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