



Tax Newsflash

Hong Kong Tax News: HK-Saudi Arabia tax treaty signed



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Hong Kong (HK) signed a comprehensive agreement for the avoidance of double taxation (CDTA) with Saudi Arabia on 24 August 2017. Saudi Arabia is one of the countries along the Belt and Road. This is the 38th 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-Saudi Arabia CDTA:

	Dividends	Interest	Royalties
HK non-CDTA rate	0%	0%	4.95%/ 16.5% (NB1)
Saudi Arabia non-CDTA rate	5%	5%	15%
HK-Saudi Arabia CDTA rate	5%	0%	5% / 8% (NB2)

NB1: The 4.95% rate generally does not apply to royalty paid to a related party unless the licensed intellectual property has never been owned in whole or in part by a person carrying on business in Hong Kong.

NB2: 5% for use of, or the right to use, industrial, commercial, or scientific equipment; 8% in all other cases.

The HK-Saudi Arabia CDTA will come into force after the completion of ratification procedures on both sides. The CDTA can be downloaded from this [link](#).

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