



Hong Kong Tax Newsflash: Hong Kong-Cambodia tax treaty signed

Hong Kong (HK) signed a Comprehensive Double Tax Agreement (CDTA) with Cambodia on 26 June 2019. This is the 41st CDTA concluded by HK. Cambodia was HK's 38th largest trading partner in 2018, as well as a country under the Belt and Road initiative.

Below is a comparison of the withholding tax (WHT) rates of dividends, interest, royalties and fee for technical services, under the respective domestic tax law and the HK-Cambodia CDTA:

	Dividends	Interest	Royalties	Fee for technical services ^{NB1}
HK non-CDTA rate	0%	0%	4.95% ^{NB2} / 16.5% ^{NB3}	0%
Cambodia non-CDTA rate	14%	14%	14%	14%
HK-Cambodia CDTA rate	10%	10% ^{NB4}	10%	10%

NB1: Fees for technical services mean considerations for the rendering of any managerial, technical or consultancy services, including the provision of technical services.

NB2: If two-tiered tax rates are applicable, 2.475% for the first HK\$2 million of assessable profits and 4.95% for the remaining amount. However, such rate generally does not apply to royalty paid to a related party unless the intellectual property has never been owned in whole or in part by a person carrying on business in HK.

NB3: Where two-tiered rates are applicable, 8.25% for the first

HK\$2 million of assessable profits and 16.5% for the remaining amount.

NB4: Under Article 11 of the tax treaty, interest arising in Cambodia is exempt from withholding tax in Cambodia if the beneficial owner of the interest is the Hong Kong SAR Government, the Hong Kong Monetary Authority, the Exchange Fund or a financial establishment appointed by the Hong Kong SAR Government and mutually agreed upon by the competent authorities of Hong Kong and Cambodia.

The HK-Cambodia 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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