



Hong Kong signs double taxation agreement with Czech Republic

The signing of the Hong Kong and Czech Republic double taxation agreement (DTA) on 6 June 2011 brings the number of DTAs concluded by Hong Kong to 21.

The DTA will provide investors with greater certainty on their tax liabilities from cross-border economic activities and boost closer economic and trade ties between Hong Kong and the Czech Republic.

The withholding tax on dividends, interest and royalties is as follows:

	Czech Republic Non - treaty Rate	Treaty Rate
Dividends	15%	5%
Interest	15%	0
Royalties	15%	10%

Profits of a Czech Republic company operating in Hong Kong through a branch are currently taxed in both Hong Kong and the Czech Republic. Under the DTA, Profits Tax paid in Hong Kong will be allowed as credit against tax payable in the Czech Republic.

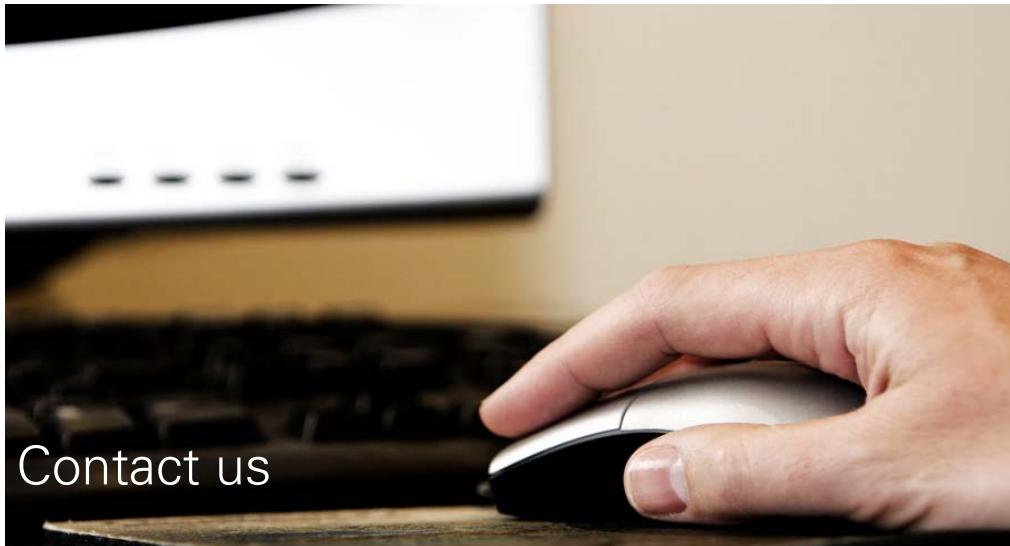
The DTA will have effect in Hong Kong, for any year of assessment beginning on or after 1 April in the calendar year, next following that in which the DTA enters into force.

In the Czech Republic, the DTA will have effect:

- (i) In respect of taxes withheld at source, to income paid or credited, on or after 1 January in the calendar year next following that in which the DTA enters into force;
- (ii) In respect of other taxes on income, to income in any taxable year beginning on or after 1 January in the calendar year next following that in which the DTA enters into force;

Details of the DTA can be found at:

http://www.ird.gov.hk/eng/pdf/Agreement_Czech_HongKong.pdf



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