



## 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:

	<b>Czech Republic Non - treaty Rate</b>	<b>Treaty Rate</b>
<b>Dividends</b>	15%	5%
<b>Interest</b>	15%	0
<b>Royalties</b>	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](http://www.ird.gov.hk/eng/pdf/Agreement_Czech_HongKong.pdf)



## Contact us

For more information, please  
contact:

### Corporate Tax, KPMG China

**Khoon Ming Ho**

Partner in Charge, Tax  
China and Hong Kong SAR  
Tel: +86 (10) 8508 7082  
khoonming.ho@kpmg.com

**Vaughn Barber**

Partner  
Tel: +852 2826 7130  
vaughn.barber@kpmg.com

**Charles Kinsley**

Principal  
Tel: +852 2826 8070  
charles.kinsley@kpmg.com

**Jennifer Wong**

Partner  
Tel: +852 2978 8288  
jennifer.wong@kpmg.com

**Ayesha M. Lau**

Partner in Charge, Tax – Hong  
Kong SAR  
Tel: +852 2826 7165  
ayesha.lau@kpmg.com

**Darren Bowdern**

Partner  
Tel: +852 2826 7166  
darren.bowdern@kpmg.com

**Curtis Ng**

Partner  
Tel: +852 2143 8709  
curtis.ng@kpmg.com

**Garry Laird**

Senior Tax Advisor  
Tel: +852 2143 8795  
garry.laird@kpmg.com

**Chris Abbiss**

Partner  
Tel: +852 2826 7226  
chris.abbiss@kpmg.com

**Nigel Hobler**

Partner  
Tel: +852 2143 8784  
nigel.hobler@kpmg.com

**John Timpany**

Partner  
Tel: +852 2143 8790  
john.timpany@kpmg.com

[kpmg.com/cn](http://kpmg.com/cn)

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