



## Status of Hong Kong's double taxation agreements

Hong Kong has been making solid progress in its efforts to increase the number of double taxation agreements (DTAs) that it has concluded with some of its major trading partners. To date, Hong Kong has signed 21 agreements, of which 10 are now in force. The remaining agreements are subject to ratification procedures.

DTAs provide Hong Kong companies and taxpayers with a number of benefits, and can be of significant importance in promoting trade and investment to and from Hong Kong. Broadly, such, agreements operate to mitigate the risk of double taxation on profits as well as providing for lower withholding taxes on dividends, interest and royalties.

Hong Kong has done well to conclude agreements with the Mainland, the Netherlands, New Zealand and the United Kingdom and we understand that Hong Kong is actively seeking new agreements with many of Hong Kong's other major trading partners.

The ten DTAs that Hong Kong has concluded and which are in force are:

Country	Date of signature	Date of effect in Hong Kong (Year of Assessment)
<b>Belgium</b>	10.12.2003	2004/05
<b>Thailand</b>	07.09.2005	2006/07
<b>Mainland</b>	21.08.2006	2007/08
<b>Luxembourg</b>	02.11.2007	2008/09
<b>Vietnam</b>	16.12.2008	2010/11
<b>Brunei</b>	20.03.2010	2011/12
<b>Hungary</b>	12.05.2010	2012/13
<b>Austria</b>	25.05.2010	2012/13
<b>United Kingdom</b>	21.06.2010	2011/12
<b>Ireland</b>	22.06.2010	2012/13

Hong Kong has signed a further eleven DTAs with countries that are not yet in force. These are set out below:

Country	Date of signature	Date of effect in Hong Kong (Year of Assessment) <sup>1</sup>
<b>Netherlands</b>	22.03.2010	2012/13
<b>Indonesia</b>	23.03.2010	2012/13
<b>Kuwait</b>	13.05.2010	2012/13
<b>Liechtenstein</b>	12.08.2010	2012/13
<b>France</b>	21.10.2010	2012/13
<b>Japan</b>	09.11.2010	2012/13
<b>New Zealand</b>	01.12.2010	2012/13
<b>Switzerland</b>	06.12.2010	2012/13
<b>Portugal</b>	22.03.2011	2012/13
<b>Spain</b>	01.04.2011	2012/13
<b>Czech Republic</b>	06.06.2011	2012/13

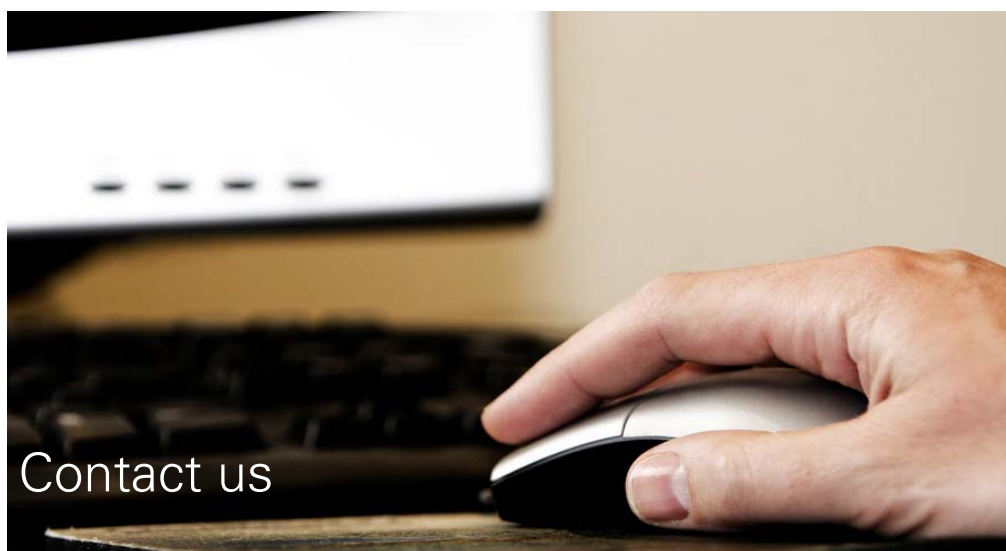
1. Assuming each jurisdiction competes and notifies each other of the completion of its ratification procedures by 31 December 2011.

As the above table highlights, some of the agreements which were signed in early 2010 have yet to complete the ratification process. While Hong Kong has completed its ratification procedures for the agreements with Indonesia and the Netherlands, which were signed in March 2010, those countries are yet to complete their procedures and at this stage, it still remains uncertain when this will happen. It is, however, hoped that they will be completed this year, so the DTAs come into force in the year of assessment 2012/13.

Hong Kong commenced its ratification procedures for the DTAs with Liechtenstein, France, Japan and New Zealand in May 2011.

Hong Kong continues to be proactive in concluding DTAs. The current focus is on concluding agreements with Hong Kong's major trading partners in the region and globally. Negotiations are currently being held with a number of countries, including Canada, India, Italy and Korea.

Ideally, priority should be given to concluding DTAs with trading partners such as the USA, Australia and Taiwan and countries in South America and Africa, which have been the focus of Chinese outbound investment.



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)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2011 KPMG, a Hong Kong partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. © 2011 KPMG Advisory (China) Limited, a wholly foreign owned enterprise in China and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.