



Hong Kong Tax Newsflash

Hong Kong-Georgia tax treaty signed



Hong Kong SAR (HK) signed a Comprehensive Double Tax Agreement (CDTA) with Georgia on 5 October 2020. Georgia is one of the emerging economies participating in the Belt and Road Initiative. This is the 45th CDTA concluded by HK.

Below is a comparison of the withholding tax rates applicable to dividends, interest and royalties, under the respective domestic tax law and the HK-Georgia CDTA:

	Dividends	Interest	Royalties
HK non-CDTA rate	0%	0%	4.95%/ 16.5% ^{NB1}
Georgia non-CDTA rate	5%	5% / 15% ^{NB2}	5% / 15% ^{NB2}
HK-Georgia CDTA rate	0% / 5% ^{NB3}	0% / 5% ^{NB3}	5%

NB1: The 4.95% rate generally applies. If the royalty is paid to an associated entity and the intellectual property has been owned by a person carrying on business in HK, the higher rate of 16.5% applies. If the taxpayer is eligible for two-tiered tax rates, 2.475% (or 8.25% if higher rate) applies on the first HKD 2 million of assessable profits and 4.95% (or 16.5% if higher rate) on the remaining amount.

NB2: 5% for payments made to a non-resident company in general; 15% for payments made to a non-resident company in a low-tax jurisdiction.

NB3: The 0% rate will apply to payments made to the government of Hong Kong / Georgia or any political subdivision or local authority of Georgia, the Hong Kong Monetary Authority, the

Exchange Fund of Hong Kong, the National Bank of Georgia, or any entity wholly or mainly owned by the government of Hong Kong /Georgia as may be agreed from time to time between the competent authorities of both jurisdictions; otherwise, the rate will be 5%.

The HK-Georgia CDTA will come into force after the completion of ratification procedures by both jurisdictions. The CDTA can be downloaded from this [link](#).

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