



Hong Kong Tax Newsflash

Hong Kong-Serbia tax treaty in force



The Comprehensive Double Taxation Agreement (CDTA) for Hong Kong-Serbia has entered into force on 30 December 2020, after the completion of ratification procedures. The CDTA will be in effect starting from the year of assessment 2021/22 in Hong Kong and the fiscal year beginning on or after 1 January 2021 in Serbia.

The Hong Kong-Serbia CDTA was signed in August 2020 and can be downloaded from this [link](#). Please also refer to our previous [Hong Kong Tax Newsflash \(Issue 128\)](#) for the key features of the CDTA.

In addition to the provision of more beneficial withholding tax rates applicable to dividends, interest and royalties, the Hong Kong-Serbia CDTA also provides beneficial treatment on capital gains. For example, capital gains derived by a Hong Kong investor from the disposal of shares of a Serbian company (except land-rich¹) are generally exempt from tax in Serbia under the CDTA.

¹ *Capital gains derived by a Hong Kong resident from the alienation of shares or comparable interests of any kind, including interests in a partnership or trust, may be taxed in Serbia if, at any time during the 365 days preceding the alienation, these shares or comparable interests derived more than 50% of their value directly or indirectly from immovable property situated in Serbia.*

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