



Hong Kong Tax Newsflash

Hong Kong-Bangladesh tax treaty signed

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Hong Kong SAR (HK) signed a Comprehensive Double Tax Agreement (CDTA) with Bangladesh on 30 August 2023. This is the 47th 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-Bangladesh CDTA:

	Dividends	Interest	Royalties
HK non-CDTA rate	0%	0%	4.95% / 16.5% ^{NB1}
Bangladesh non-CDTA rate	20%	20%	20%
HK-Bangladesh CDTA rate	10% / 15% ^{NB2}	10%	10%

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, 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: 10% if the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividends; 15% in all other cases.

The HK-Bangladesh CDTA also provides that profits of an enterprise of a contracting party derived in the other contracting party from the operation of ships in international traffic will be subject to a 50% tax

reduction. For example, if a Hong Kong resident derived profits from international shipping transport in Bangladesh, only 50% of the profits will be subject to tax in Bangladesh.

The HK-Bangladesh 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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