



Hong Kong Tax Newsflash

Hong Kong-Bahrain tax treaty signed

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Hong Kong SAR (HK) signed a Comprehensive Double Tax Agreement (CDTA) with Bahrain on 3 March 2024. Bahrain is one of the economies participating in the Belt and Road Initiative. This is the 49th 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-Bahrain CDTA:

	Dividends	Interest	Royalties
HK non-CDTA rate	0%	0%	4.95% / 16.5% ^{NB1}
Bahrain non-CDTA rate	0%	0%	0%
HK-Bahrain CDTA rate	0%	0%	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, 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.

The HK-Bahrain 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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If you have any questions, please contact our professionals:

Authors

Doris Chik

Tax Partner

+852 2852 6608

dchik@deloitte.com.hk

Carmen Cheung

Senior Tax Manager

+852 2740 8660

carmcheung@deloitte.com.hk

Kiwi Fung

Tax Manager

+852 2258 6162

kifung@deloitte.com.hk

International and M&A Tax

National Leader

Vicky Wang

Tax Partner

+86 21 6141 1035

vicwang@deloitte.com.cn

Hong Kong

Anthony Lau

Tax Partner

+852 2852 1082

antlau@deloitte.com.hk

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