



Hong Kong Tax Newsflash

Hong Kong-Türkiye tax treaty signed

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Hong Kong SAR (HK) signed a Comprehensive Double Tax Agreement (CDTA) with Türkiye on 24 September 2024. Türkiye is one of the economies participating in the Belt and Road Initiative. This is the 51st 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-Türkiye CDTA:

	Dividends	Interest	Royalties
HK non-CDTA rate	0%	0%	4.95% / 16.5% ^{NB1}
Türkiye non-CDTA rate	10%	0% / 10% ^{NB2}	20%
HK-Türkiye CDTA rate	5% / 10% ^{NB3}	7.5% / 10% ^{NB4}	7.5% / 10% ^{NB5}

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: 0% for interest on loans payable to a foreign state, an international institution, a foreign bank, or a foreign corporation that qualifies as a "financial entity"; 10% in all other cases.

NB3: 5% if the beneficial owner is a company which holds directly at least 25% of the capital of the company paying the dividends throughout a 365-day period; 10% in all other cases.

NB4: 7.5% if it is received by a financial institution in respect of a loan or debt instrument with a maturity period exceeding 2 years; 10% in all other cases.

NB5: 7.5% for the use of or right to use industrial, commercial or scientific equipment; 10% in all other cases.

The HK- Türkiye 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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