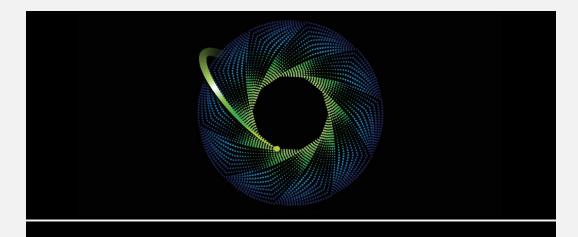
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## Hong Kong Tax Newsflash Hong Kong-Türkiye tax treaty signed

## INspire HK 躍動香港

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% <sup>NB1</sup>
Türkiye non-CDTA rate	10%	0% / 10% <sup>NB2</sup>	20%
HK-Türkiye CDTA rate	5% / 10% <sup>NB3</sup>	7.5% / 10% <sup>NB4</sup>	7.5% / 10% <sup>NB5</sup>

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 <u>link</u>.

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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

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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