



Hong Kong Tax Newsflash

Hong Kong-Barbados tax treaty signed

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Hong Kong SAR (HK) signed a Comprehensive Double Tax Agreement (CDTA) with Barbados on 19 March 2026. Barbados is one of the economies participating in the Belt and Road Initiative. This is the 57th 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-Barbados CDTA:

	Dividends	Interest	Royalties
HK non-CDTA rate	0%	0%	4.95% / 16.5% ¹
Barbados non-CDTA rate	0% / 5% / 25% ²	0%	0%
HK-Barbados CDTA rate	0%	5% ³	3% / 5% ^{3, 4}

The CDTA also provides beneficial treatment on capital gains. Capital gains derived by a HK investor from the disposal of shares in a Barbados company are generally exempt from tax in the Barbados under the CDTA, unless the company is land-rich⁵. Nevertheless, under certain circumstances⁶ (e.g., the shares of the land-rich company are listed, the shares are disposed under a corporate reorganisation etc.), the capital gains from the disposal of such a land-rich company may still be exempt from tax in Barbados.

The HK-Barbados CDTA will come into force after the completion of ratification procedures by both jurisdictions. The CDTA can be downloaded from this [link](#).

¹ 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.

² The 5% rate generally applies. If the dividend is paid by a regular business company out of foreign-earned income to a non-resident, 0% applies. If the dividend is paid out of tax-exempt profits, 25% applies.

³ As the CDTA rate is higher than the current non-CDTA rate, the current non-CDTA rate would generally apply.

⁴ If the royalty is paid for the use of, or the right to use, eligible intellectual property in Hong Kong (e.g. patent, copyrighted software), or qualifying intellectual property in Barbados (e.g. patent, copyrighted software, industrial designs etc.), 3% applies. Otherwise, the 5% rate applies.

⁵ A company deriving more than 50% of its value directly or indirectly from immovable property situated in the Barbados during the 365 days preceding the disposal.

⁶ Circumstances under which gains from the disposal of shares in a land-rich company are exempt from tax in Barbados are:

- (a) shares quoted on a stock exchange agreed between the competent authorities of HK and Barbados;
- (b) shares disposed or exchanged in the framework of a corporate reorganisation, merger, demerger (scission) or similar operation; or
- (c) shares in a company deriving more than 50% of its value from immovable property in which it carries on its business.

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