

Press Release

Orders on tax information exchange agreements with Nordic jurisdictions and protocol on avoidance of double taxation arrangement with the Mainland gazetted

Friday, October 2, 2015

Six orders for implementing the tax information exchange agreements (TIEAs) with six Nordic jurisdictions (i.e. Denmark, the Faroes, Greenland, Iceland, Norway and Sweden), and an order for implementing the Fourth Protocol to the Comprehensive Arrangement for the Avoidance of Double Taxation with the Mainland (the Arrangement) were gazetted today (October 2). These orders were made by the Chief Executive in Council under the Inland Revenue Ordinance.

"The TIEAs with the above-mentioned six Nordic jurisdictions, signed in August 2014, provide for exchange of information upon request between Hong Kong and the relevant jurisdictions in relation to the assessment or enforcement of tax matters," a Government spokesman said.

"As regards the Fourth Protocol, which was signed this April, it seeks to facilitate clearer implementation of the Arrangement by:

- (a) clarifying the conditions under which an investment fund would be qualified in the Mainland for Hong Kong resident status;
- (b) setting out the tax liabilities of residents of one side in relation to gains derived from the sale and purchase of shares in companies listed on the other side;
- (c) reducing the cap on the withholding tax imposed by the Mainland on royalties paid to aircraft and ship leasing businesses from 7 per cent to 5 per cent; and
- (d) expanding the scope of tax types under the exchange of information arrangement of the Arrangement."

The above orders will be tabled at the Legislative Council on October 14 for negative vetting. The TIEAs and the Fourth Protocol will enter into force after Hong Kong and the respective treaty partners have completed their ratification procedures.

Ends