

Hong Kong and Malaysia
Comprehensive Agreement for the Avoidance of Double Taxation

Highlights

Under the agreement:

- double taxation is avoided in that any Hong Kong income tax paid by Malaysian residents or companies shall be allowed as a credit against any tax payable in respect of the same incomes in Malaysia;
- the withholding tax rate on royalties derived by Hong Kong residents in Malaysia will be reduced from the current rate of 10% to 8%;
- the withholding tax rate on interest derived by Hong Kong residents in Malaysia will be reduced from the current rate of 15% to 10%. The withholding tax on interest will be exempted if the recipient is the Hong Kong Special Administrative Region Government, the Hong Kong Monetary Authority or such other institutions established by the Hong Kong Special Administrative Region Government as agreed between the competent authorities of the two Parties;
- the withholding tax rate on fees for technical services derived by Hong Kong residents in Malaysia will be reduced from the current rate of 10% to 5%;
- profits from international shipping transport earned by Hong Kong residents that arise in Malaysia will enjoy full tax exemption; and
- Hong Kong airlines operating flights to Malaysia will be taxed at the lower corporation tax rate of 16.5% in Hong Kong as against the income tax rate of 25% in Malaysia, which they are currently subjected to.

Hong Kong and Mexico
Comprehensive Agreement for the Avoidance of Double Taxation

Highlights

Under the agreement:

- double taxation is avoided in that any Hong Kong income tax paid by Mexican residents or companies shall be allowed as a credit

against any tax payable in respect of the same incomes in Mexico;

- the withholding tax rate on royalties derived by Hong Kong residents in Mexico will be reduced from the current rate of 25% to 10%;
- the withholding tax rate on interest derived by Hong Kong residents in Mexico will be reduced from the current rate of 30% in general to 10%. The withholding tax rate on interest will be further reduced to 4.9% if the beneficial owner is a bank;
- profits from international shipping transport earned by Hong Kong residents that arise in Mexico will enjoy full tax exemption; and
- upon its entry into force, the Hong Kong/Mexico Comprehensive Avoidance of Double Taxation Agreement will supersede the existing provisions in the air services agreement with Mexico for avoidance of double taxation on airline income, but retaining the same benefits i.e. Hong Kong airlines operating flights to Mexico will be taxed in Hong Kong at Hong Kong's lower corporation tax rate of 16.5%.