

Hong Kong and Cambodia
Comprehensive Avoidance of Double Taxation Agreement

Highlights

Under the agreement:

- double taxation will be avoided in that any tax paid in Cambodia by Hong Kong companies will be allowed as a credit against the tax payable in Hong Kong on the same income, subject to the provisions of the tax laws of Hong Kong;
- Cambodia's withholding tax rates for Hong Kong residents on dividends, interest, royalties and fees for technical services will be reduced from the current level of 14 per cent to 10 per cent;
- Hong Kong airlines operating flights to and from Cambodia will be taxed at Hong Kong's corporation tax rate, and will not be subjected to tax on income in Cambodia; and
- Hong Kong residents deriving profits from international shipping transport in Cambodia will enjoy 50 per cent reduction in tax on income in Cambodia in respect of the profits subject to tax there.

Fifth Protocol to the Hong Kong and the Mainland
Comprehensive Avoidance of Double Taxation Arrangement

Highlights

The protocol amends the double taxation arrangement as follows:

- adding a Teachers and Researchers Article, which provides that where an eligible teacher or researcher is employed in one side and is present in the other side for the primary purpose of teaching or conducting research, his remuneration for such teaching or research to the extent it is paid by or on behalf of his employer shall not be taxed in that other side for a period not exceeding three years, provided that such remuneration is subject to tax in the side where he is employed and the research is undertaken in the public interest;

- providing additional safeguards against treaty abuse (including an explicit statement in the preamble that, amongst others, the double taxation arrangement is not intended to generate double non-taxation through tax evasion or avoidance) and artificial avoidance of the permanent establishment status.