

AGREEMENT BETWEEN THE GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA AND THE GOVERNMENT OF THE REPUBLIC OF TÜRKİYE FOR THE ELIMINATION OF DOUBLE TAXATION WITH RESPECT TO TAXES ON INCOME AND THE PREVENTION OF TAX EVASION AND AVOIDANCE

The Government of the Hong Kong Special Administrative Region of the People's Republic of China and the Government of the Republic of Türkiye;

Desiring to further develop their economic relationship and to enhance their cooperation in tax matters;

Intending to conclude an Agreement for the elimination of double taxation with respect to taxes on income without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in this Agreement for the indirect benefit of residents of third jurisdictions);

Have agreed as follows:

Article 1

Persons Covered

1. This Agreement shall apply to persons who are residents of one or both of the Contracting Parties.
2. For the purposes of the Agreement, income derived by or through an entity or arrangement that is treated as wholly or partly fiscally transparent under the tax law of either Contracting Party shall be considered to be income of a resident of a Contracting Party but only to the extent that the income is treated, for purposes of taxation by that Contracting Party, as the income of a resident of that Contracting Party.

Article 2

Taxes Covered

1. This Agreement shall apply to taxes on income imposed on behalf of a Contracting Party or of its political subdivisions or local authorities, irrespective of the manner in which they are levied.
2. There shall be regarded as taxes on income all taxes imposed on total income, or on elements of income, including taxes on gains from the alienation of movable or immovable property and taxes on the total amounts of wages or salaries paid by enterprises.
3. The existing taxes to which the Agreement shall apply are in particular:
 - (a) in the case of the Hong Kong Special Administrative Region:
 - (i) profits tax;
 - (ii) salaries tax; and

(iii) property tax,

whether or not charged under personal assessment

(hereinafter referred to as “Hong Kong Special Administrative Region tax”);

(b) in the case of Türkiye:

(i) the income tax; and

(ii) the corporation tax

(hereinafter referred to as “Turkish tax”).

4. The Agreement shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of the Agreement in addition to, or in place of, the existing taxes. The competent authorities of the Contracting Parties shall notify each other of any significant changes that have been made in their respective taxation laws.

Article 3

General Definitions

1. For the purposes of this Agreement, unless the context otherwise requires:
- (a) (i) the term “Hong Kong Special Administrative Region” means any place where the tax laws of the Hong Kong Special Administrative Region of the People’s Republic of China apply;
- (ii) the term “Türkiye” means the land territory, internal waters, the territorial sea and the airspace above them,

as well as the maritime areas over which Türkiye has sovereign rights or jurisdiction for the purposes of exploration, exploitation and preservation of natural resources, whether living or non-living pursuant to international law;

- (b) the term “company” means any body corporate or any entity that is treated as a body corporate for tax purposes;
- (c) the term “competent authority” means:
 - (i) in the case of the Hong Kong Special Administrative Region, the Commissioner of Inland Revenue or his authorized representative;
 - (ii) in the case of Türkiye, the Minister of Treasury and Finance or his authorized representative;
- (d) the terms “a Contracting Party” and “the other Contracting Party” mean the Hong Kong Special Administrative Region or Türkiye, as the context requires;
- (e) the terms “enterprise of a Contracting Party” and “enterprise of the other Contracting Party” mean respectively an enterprise carried on by a resident of a Contracting Party and an enterprise carried on by a resident of the other Contracting Party;
- (f) the term “international traffic” means any transport by a ship or aircraft operated by an enterprise of a Contracting Party, except when the ship or aircraft is operated solely between places in the other Contracting Party;
- (g) the term “legal head office”, in the case of Türkiye, means the registered office registered under the Turkish Code of Commerce;

- (h) the term “national”, in relation to Türkiye, means:
 - (i) any individual possessing the nationality or citizenship of Türkiye; and
 - (ii) any legal person, partnership or association deriving its status as such from the laws in force in Türkiye;
 - (i) the term “person” includes an individual, a company and any other body of persons;
 - (j) the term “tax” means Hong Kong Special Administrative Region tax or Turkish tax, as the context requires.
2. As regards the application of the Agreement at any time by a Contracting Party, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that Contracting Party for the purposes of the taxes to which the Agreement applies, any meaning under the applicable tax laws of that Contracting Party prevailing over a meaning given to the term under other laws of that Contracting Party.

Article 4

Resident

1. For the purposes of this Agreement, the term “resident of a Contracting Party” means:
- (a) in the case of the Hong Kong Special Administrative Region:
 - (i) any individual who ordinarily resides in the Hong Kong Special Administrative Region;
 - (ii) any individual who stays in the Hong Kong Special Administrative Region for more than 180 days during a

year of assessment or for more than 300 days in two consecutive years of assessment one of which is the relevant year of assessment;

- (iii) a company incorporated in the Hong Kong Special Administrative Region or, if incorporated outside the Hong Kong Special Administrative Region, being normally managed or controlled in the Hong Kong Special Administrative Region;
 - (iv) any other person constituted under the laws of the Hong Kong Special Administrative Region or, if constituted outside the Hong Kong Special Administrative Region, being normally managed or controlled in the Hong Kong Special Administrative Region;
- (b) in the case of Türkiye, any person who, under the laws of Türkiye, is liable to tax therein by reason of his domicile, residence, legal head office, place of management or any other criterion of a similar nature. This term, however, does not include any person who is liable to tax in Türkiye in respect only of income from sources in Türkiye;
- (c) in the case of either Contracting Party, the Government of that Contracting Party and any political subdivision or local authority thereof.
2. Where by reason of the provisions of paragraph 1, an individual is a resident of both Contracting Parties, then his status shall be determined as follows:
- (a) he shall be deemed to be a resident only of the Contracting Party in which he has a permanent home available to him; if he has a permanent home available to him in both Contracting Parties, he shall be deemed to be a resident only of the

Contracting Party with which his personal and economic relations are closer (“centre of vital interests”);

- (b) if the Contracting Party in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either Contracting Party, he shall be deemed to be a resident only of the Contracting Party in which he has an habitual abode;
 - (c) if he has an habitual abode in both Contracting Parties or in neither of them, he shall be deemed to be a resident only of the Contracting Party in which he has the right of abode (in the case of the Hong Kong Special Administrative Region) or of which he is a national (in the case of Türkiye);
 - (d) if he has the right of abode in the Hong Kong Special Administrative Region and is also a national of Türkiye, or if he does not have the right of abode in the Hong Kong Special Administrative Region nor is he a national of Türkiye, the competent authorities of the Contracting Parties shall settle the question by mutual agreement.
3. Where by reason of the provisions of paragraph 1, a person other than an individual is a resident of both Contracting Parties, the competent authorities of the Contracting Parties shall endeavour to determine by mutual agreement the Contracting Party of which such person shall be deemed to be a resident for the purposes of the Agreement, having regard to the place where it is incorporated or otherwise constituted, the place where its legal head office is situated and any other relevant factors. In the absence of such agreement, such person shall not be entitled to any relief or exemption from tax provided by the Agreement except to the extent and in such manner as may be agreed upon by the competent authorities of the Contracting Parties.

Article 5

Permanent Establishment

1. For the purposes of this Agreement, the term “permanent establishment” means a fixed place of business through which the business of an enterprise is wholly or partly carried on.
2. The term “permanent establishment” includes especially:
 - (a) a place of management;
 - (b) a branch;
 - (c) an office;
 - (d) a factory;
 - (e) a workshop; and
 - (f) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.
3. The term “permanent establishment” also encompasses:
 - (a) a building site, a construction, assembly or installation project or supervisory activities in connection therewith, but only if such site, project or activities last more than 183 days;
 - (b) the furnishing of services, including consultancy services, by an enterprise through employees or other personnel engaged by the enterprise for such purpose, but only if activities of that nature continue (for the same or a connected project) within a Contracting Party for a period or periods aggregating more than 183 days in any twelve-month period commencing or ending in the taxable period concerned.

4. For the sole purpose of determining whether the 183-day period referred to in paragraph 3(a) has been exceeded:

- (a) where an enterprise of a Contracting Party carries on activities in the other Contracting Party at a place that constitutes a building site or a construction, assembly or installation project, or carries on supervisory activities in connection with such a place, and these activities are carried on during one or more periods of time that, in the aggregate, exceed 30 days without exceeding 183 days; and
- (b) connected activities are carried on in the other Contracting Party at the same building site or construction, assembly or installation project, or supervisory activities are carried on in connection with such site or project, during different periods of time, each exceeding 30 days, by one or more enterprises closely related to the first-mentioned enterprise,

these different periods of time shall be added to the period of time during which the first-mentioned enterprise has carried on activities at that building site or construction, assembly or installation project.

5. Notwithstanding the preceding provisions of this Article, the term “permanent establishment” shall be deemed not to include:

- (a) the use of facilities solely for the purpose of storage or display of goods or merchandise belonging to the enterprise;
- (b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage or display;
- (c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;

- (d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise;
- (e) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity;
- (f) the maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs (a) to (e),

provided that such activity or, in the case of subparagraph (f), the overall activity of the fixed place of business, is of a preparatory or auxiliary character.

- 6. Paragraph 5 shall not apply to a fixed place of business that is used or maintained by an enterprise if the same enterprise or a closely related enterprise carries on business activities at the same place or at another place in the same Contracting Party and:
 - (a) that place or other place constitutes a permanent establishment for the enterprise or the closely related enterprise under the provisions of this Article; or
 - (b) the overall activity resulting from the combination of the activities carried on by the two enterprises at the same place, or by the same enterprise or closely related enterprises at the two places, is not of a preparatory or auxiliary character,

provided that the business activities carried on by the two enterprises at the same place, or by the same enterprise or closely related enterprises at the two places, constitute complementary functions that are part of a cohesive business operation.

- 7. Notwithstanding the provisions of paragraphs 1 and 2, but subject to the provisions of paragraph 8, where a person is acting in a

Contracting Party on behalf of an enterprise of the other Contracting Party, that enterprise shall be deemed to have a permanent establishment in the first-mentioned Contracting Party in respect of any activities which that person undertakes for the enterprise, if such a person:

- (a) habitually concludes contracts, or habitually plays the principal role leading to the conclusion of contracts that are routinely concluded without material modification by the enterprise, and these contracts are:
 - (i) in the name of the enterprise; or
 - (ii) for the transfer of the ownership of, or for the granting of the right to use, property owned by that enterprise or that the enterprise has the right to use; or
 - (iii) for the provision of services by that enterprise,

unless the activities of such person are limited to those mentioned in paragraph 5 which, if exercised through a fixed place of business (other than a fixed place of business to which paragraph 6 would apply), would not make this fixed place of business a permanent establishment under the provisions of that paragraph; or

- (b) does not habitually conclude contracts nor play the principal role leading to the conclusion of such contracts, but habitually maintains in the first-mentioned Contracting Party a stock of goods or merchandise from which that person regularly delivers goods or merchandise on behalf of the enterprise.
8. Paragraph 7 shall not apply where the person acting in a Contracting Party on behalf of an enterprise of the other Contracting Party carries on business in the first-mentioned Contracting Party as an independent agent and acts for the enterprise in the ordinary course

of that business. Where, however, a person acts exclusively or almost exclusively on behalf of one or more enterprises to which it is closely related, that person shall not be considered to be an independent agent within the meaning of this paragraph with respect to any such enterprise.

9. The fact that a company which is a resident of a Contracting Party controls or is controlled by a company which is a resident of the other Contracting Party, or which carries on business in that other Contracting Party (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.
10. For the purposes of this Article, a person or enterprise is closely related to an enterprise if, based on all the relevant facts and circumstances, one has control of the other or both are under the control of the same persons or enterprises. In any case, a person or enterprise shall be considered to be closely related to an enterprise if one possesses directly or indirectly more than 50 per cent of the beneficial interest in the other (or, in the case of a company, more than 50 per cent of the aggregate vote and value of the company's shares or of the beneficial equity interest in the company) or if another person or enterprise possesses directly or indirectly more than 50 per cent of the beneficial interest (or, in the case of a company, more than 50 per cent of the aggregate vote and value of the company's shares or of the beneficial equity interest in the company) in the person and the enterprise or in the two enterprises.

Article 6

Income from Immovable Property

1. Income derived by a resident of a Contracting Party from immovable property (including income from agriculture or forestry) situated in

the other Contracting Party may be taxed in that other Contracting Party.

2. The term “immovable property” shall have the meaning which it has under the law of the Contracting Party in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture (including the breeding and cultivation of fish) and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships and aircraft shall not be regarded as immovable property.
3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting, or use in any other form of immovable property.
4. The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of independent personal services.

Article 7

Business Profits

1. The profits of an enterprise of a Contracting Party shall be taxable only in that Contracting Party unless the enterprise carries on business in the other Contracting Party through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other Contracting Party, but only so much of them as is attributable to:
 - (a) that permanent establishment;
 - (b) sales in that other Contracting Party of goods or merchandise

of the same or similar kind as those sold through that permanent establishment; or

- (c) other business activities carried on in that other Contracting Party of the same or similar kind as those effected through that permanent establishment,

provided that subparagraph (b) or (c) shall not apply where an enterprise is able to demonstrate that the sales or business activities were carried out for reasons other than obtaining benefits under this Agreement.

2. Subject to the provisions of paragraph 3, where an enterprise of a Contracting Party carries on business in the other Contracting Party through a permanent establishment situated therein, there shall in each Contracting Party be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.
3. In the determination of the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the business of the permanent establishment including executive and general administrative expenses so incurred, whether in the Contracting Party in which the permanent establishment is situated or elsewhere. However, no such deduction shall be allowed in respect of amounts, if any, paid (otherwise than towards reimbursement of actual expenses) by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, or by way of commission, for specific services performed or for management, or, except in the case of a banking enterprise, by way of interest on moneys lent to the permanent establishment. Likewise, no account shall be taken, in the

determination of the profits of a permanent establishment, for amounts charged (otherwise than towards reimbursement of actual expenses), by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, or by way of commission for specific services performed or for management, or, except in the case of a banking enterprise, by way of interest on moneys lent to the head office of the enterprise or any of its other offices.

4. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.
5. Where profits include items of income which are dealt with separately in other Articles of the Agreement, then the provisions of those Articles shall not be affected by the provisions of this Article.

Article 8

Shipping and Air Transport

1. Profits of an enterprise of a Contracting Party from the operation of ships or aircraft in international traffic shall be taxable only in that Contracting Party.
2. The provisions of paragraph 1 shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

Article 9
Associated Enterprises

1. Where:
 - (a) an enterprise of a Contracting Party participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting Party; or
 - (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting Party and an enterprise of the other Contracting Party,

and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

2. Where a Contracting Party includes in the profits of an enterprise of that Contracting Party - and taxes accordingly - profits on which an enterprise of the other Contracting Party has been charged to tax in that other Contracting Party and the profits so included are claimed by the first-mentioned Contracting Party to be profits which would have accrued to the enterprise of the first-mentioned Contracting Party if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other Contracting Party shall make an appropriate adjustment to the amount of the tax charged therein on those profits, where that other Contracting Party considers the adjustment justified. In determining such adjustment, due regard shall be had to the other provisions of this Agreement and the competent authorities of the Contracting Parties shall if necessary consult each other.

Article 10

Dividends

1. Dividends paid by a company which is a resident of a Contracting Party to a resident of the other Contracting Party may be taxed in that other Contracting Party.
2. However, dividends paid by a company which is a resident of a Contracting Party may also be taxed in that Contracting Party according to the laws of that Contracting Party, but if the beneficial owner of the dividends is a resident of the other Contracting Party, the tax so charged shall not exceed:
 - (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 25 per cent of the capital of the company paying the dividends throughout a 365 day period that includes the day of the payment of the dividends (for the purpose of computing that period, no account shall be taken of changes of ownership that would directly result from a corporate reorganization, such as a merger or divisive reorganization, of the company that holds the shares or that pays the dividends);
 - (b) 10 per cent of the gross amount of the dividends in all other cases.

This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

3. The term “dividends” as used in this Article means income from shares, “jouissance” shares or “jouissance” rights, founders’ shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the Contracting Party of which the company making the distribution is a

resident, and income derived from an investment fund or investment trust.

4. Profits of a company of a Contracting Party carrying on business in the other Contracting Party through a permanent establishment situated therein may, after having been taxed under Article 7, be taxed on the remaining amount in the Contracting Party in which the permanent establishment is situated and in accordance with paragraph 2(a) of this Article.
5. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting Party, carries on business in the other Contracting Party of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other Contracting Party independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

Article 11

Interest

1. Interest arising in a Contracting Party and paid to a resident of the other Contracting Party may be taxed in that other Contracting Party.
2. However, interest arising in a Contracting Party may also be taxed in that Contracting Party according to the laws of that Contracting Party, but if the beneficial owner of the interest is a resident of the other Contracting Party, the tax so charged shall not exceed:
 - (a) 7.5 per cent of the gross amount of the interest if it is received by a financial institution in respect of a loan or debt instrument with a maturity period exceeding 2 years;

- (b) 10 per cent of the gross amount of the interest in all other cases.
- 3. Notwithstanding the provisions of paragraph 2 of this Article, interest arising in a Contracting Party is exempt from tax in that Contracting Party, if it is paid:
 - (a) in the case of the Hong Kong Special Administrative Region:
 - (i) to the Government of the Hong Kong Special Administrative Region;
 - (ii) to the Hong Kong Monetary Authority;
 - (iii) to the Exchange Fund;
 - (b) in the case of Türkiye:
 - (i) to the Government of Türkiye, its political subdivisions or local authorities;
 - (ii) to the Central Bank of Türkiye (Türkiye Cumhuriyet Merkez Bankası);
 - (iii) to Eximbank of Türkiye (Türkiye İhracat Kredi Bankası A.S.).
- 4. The term “interest” as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor’s profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures, as well as all other income treated as income from money lent by the laws, relating to tax, of the Contracting Party in which the income arises. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article.

5. The provisions of paragraphs 1, 2 and 3 shall not apply if the beneficial owner of the interest, being a resident of a Contracting Party, carries on business in the other Contracting Party in which the interest arises, through a permanent establishment situated therein, or performs in that other Contracting Party independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with (a) such permanent establishment or fixed base, or with (b) business activities referred to in paragraph 1(c) of Article 7. In such cases the provisions of Article 7 or Article 14, as the case may be, shall apply.
6. Interest shall be deemed to arise in a Contracting Party when the payer is a resident of that Contracting Party. Where, however, the person paying the interest, whether he is a resident of a Contracting Party or not, has in a Contracting Party a permanent establishment or fixed base in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the Contracting Party in which the permanent establishment or fixed base is situated.
7. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting Party, due regard being had to the other provisions of this Agreement.

Article 12

Royalties

1. Royalties arising in a Contracting Party and paid to a resident of the other Contracting Party may be taxed in that other Contracting Party.
2. However, royalties arising in a Contracting Party may also be taxed in that Contracting Party according to the laws of that Contracting Party, but if the beneficial owner of the royalties is a resident of the other Contracting Party, the tax so charged shall not exceed:
 - (a) 7.5 per cent of the gross amount of the royalties for the use of, or the right to use, industrial, commercial or scientific equipment;
 - (b) 10 per cent of the gross amount of the royalties in all other cases.
3. The term “royalties” as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films, or films or tapes used for radio or television broadcasting, any patent, trademark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment or for information concerning industrial, commercial or scientific experience.
4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting Party, carries on business in the other Contracting Party in which the royalties arise, through a permanent establishment situated therein, or performs in that other Contracting Party independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with (a) such permanent establishment or fixed base, or with (b) business activities

referred to in paragraph 1(c) of Article 7. In such cases the provisions of Article 7 or Article 14, as the case may be, shall apply.

5. Royalties shall be deemed to arise in a Contracting Party when the payer is a resident of that Contracting Party. Where, however, the person paying the royalties, whether he is a resident of a Contracting Party or not, has in a Contracting Party a permanent establishment or fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the Contracting Party in which the permanent establishment or fixed base is situated.
6. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting Party, due regard being had to the other provisions of this Agreement.

Article 13

Capital Gains

1. Gains derived by a resident of a Contracting Party from the alienation of immovable property referred to in Article 6 and situated in the other Contracting Party may be taxed in that other Contracting Party.
2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting Party has in the other Contracting Party or of movable property pertaining to a fixed base available to a resident of a Contracting Party in the other Contracting Party for the purpose of

performing independent personal services, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise) or of such fixed base, may be taxed in that other Contracting Party.

3. Gains derived by an enterprise of a Contracting Party from the alienation of ships or aircraft operated in international traffic, or movable property pertaining to the operation of such ships or aircraft, shall be taxable only in that Contracting Party.
4. Gains derived by a resident of a Contracting Party from the alienation of shares or comparable interests, such as interests in a partnership or trust, may be taxed in the other Contracting Party if, at any time during the 365 days preceding the alienation, these shares or comparable interests derived more than 50 per cent of their value directly or indirectly from immovable property, as defined in Article 6, situated in that other Contracting Party.
5. Gains sourced in a Contracting Party from the alienation of any property other than those referred to in paragraphs 1, 2, 3 and 4 and derived by a resident of the other Contracting Party may be taxed in the first-mentioned Contracting Party.

Article 14

Independent Personal Services

1. Income derived by an individual who is a resident of a Contracting Party in respect of professional services or other activities of an independent character shall be taxable only in that Contracting Party except in the following circumstances, when such income may also be taxed in the other Contracting Party:
 - (a) if he has a fixed base regularly available to him in the other Contracting Party for the purpose of performing his activities;

in that case, only so much of the income as is attributable to that fixed base may be taxed in that other Contracting Party; or

- (b) if his stay in the other Contracting Party is for a period or periods amounting to or exceeding in the aggregate 183 days in any twelve-month period commencing or ending in the taxable period concerned; in that case, only so much of the income as is derived from his activities performed in that other Contracting Party may be taxed in that other Contracting Party.
2. The term “professional services” includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

Article 15

Dependent Personal Services

1. Subject to the provisions of Articles 16, 18 and 19, salaries, wages and other similar remuneration derived by a resident of a Contracting Party in respect of an employment shall be taxable only in that Contracting Party unless the employment is exercised in the other Contracting Party. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other Contracting Party.
2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting Party in respect of an employment exercised in the other Contracting Party shall be taxable only in the first-mentioned Contracting Party if:
 - (a) the recipient is present in the other Contracting Party for a period or periods not exceeding in the aggregate 183 days in any twelve-month period commencing or ending in the taxable period concerned; and

- (b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other Contracting Party; and
 - (c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other Contracting Party.
3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic by an enterprise of a Contracting Party shall be taxable only in that Contracting Party.

Article 16

Directors' Fees

Directors' fees and other similar payments derived by a resident of a Contracting Party in his capacity as a member of the board of directors of a company which is a resident of the other Contracting Party may be taxed in that other Contracting Party.

Article 17

Entertainers and Sportspersons

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting Party as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as a sportsperson, from that resident's personal activities as such exercised in the other Contracting Party, may be taxed in that other Contracting Party.
2. Where income in respect of personal activities exercised by an entertainer or a sportsperson acting as such accrues not to the entertainer or sportsperson but to another person, that income may,

notwithstanding the provisions of Articles 14 and 15, be taxed in the Contracting Party in which the activities of the entertainer or sportsperson are exercised.

3. Income derived by an entertainer or a sportsperson from activities exercised in a Contracting Party shall be exempt from tax in that Contracting Party, if the visit to that Contracting Party is supported wholly or mainly by public funds of the other Contracting Party or a political subdivision or a local authority thereof.

Article 18

Pensions and Annuities

1. Subject to the provisions of paragraph 2 of Article 19, pensions and other similar remuneration (including a lump sum payment) arising in a Contracting Party and paid to a resident of the other Contracting Party in consideration of past employment or self-employment and social security pensions shall be taxable only in the first-mentioned Contracting Party. This provision shall also apply to annuities paid to a resident of a Contracting Party.
2. The term “annuity” means a stated sum payable periodically at stated times during life or during a specified or ascertainable period of time under an obligation to make the payments in return for adequate and full consideration in money or money’s worth.

Article 19

Government Service

1. (a) Salaries, wages and other similar remuneration, other than a pension, paid by the Government of a Contracting Party or a political subdivision or a local authority thereof to an individual in respect of services rendered to that Contracting

Party or subdivision or authority shall be taxable only in that Contracting Party.

- (b) However, such salaries, wages and other similar remuneration shall be taxable only in the other Contracting Party if the services are rendered in that Contracting Party and the individual is a resident of that Contracting Party who:
 - (i) in the case of the Hong Kong Special Administrative Region, has the right of abode therein and in the case of Türkiye, is a national thereof; or
 - (ii) did not become a resident of that Contracting Party solely for the purpose of rendering the services.
2. (a) Any pension and other similar remuneration (including a lump sum payment) paid by, or paid out of funds created or contributed by, the Government of a Contracting Party or a political subdivision or a local authority thereof to an individual in respect of services rendered to that Contracting Party or subdivision or authority shall be taxable only in that Contracting Party.
- (b) However, such pension or similar remuneration (including a lump sum payment) may also be taxed in the other Contracting Party if the individual is a resident of that Contracting Party who:
 - (i) in the case of the Hong Kong Special Administrative Region, has the right of abode therein;
 - (ii) in the case of Türkiye, is a national thereof.
3. The provisions of Articles 15, 16, 17 and 18 shall apply to salaries, wages, pensions (including a lump sum payment), and other similar remuneration in respect of services rendered in connection with a

business carried on by a Contracting Party or a political subdivision or a local authority thereof.

Article 20

Students

Payments which a student or business apprentice who is or was immediately before visiting a Contracting Party a resident of the other Contracting Party and who is present in the first-mentioned Contracting Party solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in that Contracting Party, provided that such payments arise from sources outside that Contracting Party.

Article 21

Other Income

1. Items of income of a resident of a Contracting Party, wherever arising, not dealt with in the foregoing Articles of this Agreement shall be taxable only in that Contracting Party.
2. The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6, if the recipient of such income, being a resident of a Contracting Party, carries on business in the other Contracting Party through a permanent establishment situated therein, or performs in that other Contracting Party independent personal services from a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

Article 22

Elimination of Double Taxation

1. In the case of the Hong Kong Special Administrative Region, double taxation shall be eliminated as follows:

Subject to the provisions of the laws of the Hong Kong Special Administrative Region relating to the allowance of a credit against Hong Kong Special Administrative Region tax of tax paid in a jurisdiction outside the Hong Kong Special Administrative Region (which shall not affect the general principle of this Article), Turkish tax paid under the laws of Türkiye and in accordance with the provisions of this Agreement (except to the extent that these provisions allow taxation by Türkiye solely because the income is also income derived by a resident of Türkiye), whether directly or by deduction, in respect of income derived by a person who is a resident of the Hong Kong Special Administrative Region from sources in Türkiye, shall be allowed as a credit against Hong Kong Special Administrative Region tax payable in respect of that income, provided that the credit so allowed does not exceed the amount of Hong Kong Special Administrative Region tax computed in respect of that income in accordance with the tax laws of the Hong Kong Special Administrative Region.

2. In the case of Türkiye, double taxation shall be eliminated as follows:
 - (a) Where a resident of Türkiye derives income which, in accordance with the provisions of this Agreement, may be taxed in the Hong Kong Special Administrative Region, Türkiye shall, subject to the provisions of Turkish taxation laws regarding credit for foreign taxes, allow as a deduction from the tax on income of that person, an amount equal to the tax on income paid in the Hong Kong Special Administrative Region. Such deduction shall not, however, exceed that part of the income tax calculated in Türkiye before the deduction is

given, which is appropriate to the income which may be taxed in the Hong Kong Special Administrative Region.

- (b) Where a resident of Türkiye derives income which, in accordance with the provisions of the Agreement, shall be taxable only in the Hong Kong Special Administrative Region, Türkiye may, when determining the graduated rate of Turkish tax, take into account the income which shall be taxable only in the Hong Kong Special Administrative Region.

Article 23

Non-Discrimination

1. Persons who, in the case of the Hong Kong Special Administrative Region, have the right of abode or are incorporated or otherwise constituted therein, and, in the case of Türkiye, are Turkish nationals, shall not be subjected in the other Contracting Party to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which persons who have the right of abode or are incorporated or otherwise constituted in that other Contracting Party (where that other Contracting Party is the Hong Kong Special Administrative Region) or nationals of that other Contracting Party (where that other Contracting Party is Türkiye) in the same circumstances, in particular with respect to residence, are or may be subjected.
2. Stateless persons who are residents of a Contracting Party shall not be subjected in either Contracting Party to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which persons who have the right of abode in the Contracting Party (where the Contracting Party is the Hong Kong Special Administrative Region) or nationals of the Contracting Party (where the Contracting Party is Türkiye) in the same circumstances, in particular with respect to residence, are or may be subjected.

3. The taxation on a permanent establishment which an enterprise of a Contracting Party has in the other Contracting Party shall not be less favourably levied in that other Contracting Party than the taxation levied on enterprises of that other Contracting Party carrying on the same activities. This provision shall not be construed as obliging a Contracting Party to grant to residents of the other Contracting Party any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.
4. Except where the provisions of paragraph 1 of Article 9, paragraph 7 of Article 11, or paragraph 6 of Article 12, apply, interest, royalties and other disbursements paid by an enterprise of a Contracting Party to a resident of the other Contracting Party shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned Contracting Party.
5. Enterprises of a Contracting Party, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting Party, shall not be subjected in the first-mentioned Contracting Party to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned Contracting Party are or may be subjected.

Article 24

Mutual Agreement Procedure

1. Where a person considers that the actions of one or both of the Contracting Parties result or will result for him in taxation not in accordance with the provisions of this Agreement, he may, irrespective of the remedies provided by the internal laws of those Contracting Parties, present his case to the competent authority of

either Contracting Party. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Agreement.

2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting Party, with a view to the avoidance of taxation which is not in accordance with the Agreement. Any agreement reached shall be implemented notwithstanding any time limits in the internal laws of the Contracting Parties.
3. The competent authorities of the Contracting Parties shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Agreement. They may also consult together for the elimination of double taxation in cases not provided for in the Agreement.
4. The competent authorities of the Contracting Parties may communicate with each other directly, including through a joint commission consisting of themselves or their representatives, for the purpose of reaching an agreement in the sense of the preceding paragraphs.

Article 25

Exchange of Information

1. The competent authorities of the Contracting Parties shall exchange such information as is foreseeably relevant for carrying out the provisions of this Agreement or to the administration or enforcement of the internal laws of the Contracting Parties concerning taxes covered by the Agreement, insofar as the taxation thereunder is not contrary to the Agreement. The exchange of information is not restricted by Article 1.

2. Any information received under paragraph 1 by a Contracting Party shall be treated as secret in the same manner as information obtained under the internal laws of that Contracting Party and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to the taxes referred to in paragraph 1, and in the case of Türkiye, the oversight of the above. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions. Information shall not be disclosed to any third jurisdiction for any purpose.
3. In no case shall the provisions of paragraphs 1 and 2 be construed so as to impose on a Contracting Party the obligation:
 - (a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting Party;
 - (b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting Party;
 - (c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information the disclosure of which would be contrary to public policy (*ordre public*).
4. If information is requested by a Contracting Party in accordance with this Article, the other Contracting Party shall use its information gathering measures to obtain the requested information, even though that other Contracting Party may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraph 3 but in no case shall such limitations be construed to permit a Contracting Party to decline to

supply information solely because there is no tax interest in such information to that Contracting Party.

5. In no case shall the provisions of paragraph 3 be construed to permit a Contracting Party to decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person.

Article 26

Members of Government Missions

Nothing in this Agreement shall affect the fiscal privileges of members of government missions, including consular posts, under the general rules of international law or under the provisions of special agreements.

Article 27

Entitlement to Benefits

1. (a) Where:
 - (i) an enterprise of a Contracting Party derives income from the other Contracting Party and the first-mentioned Contracting Party treats such income as attributable to a permanent establishment of the enterprise situated in a third jurisdiction; and
 - (ii) the profits attributable to that permanent establishment are exempt from tax in the first-mentioned Contracting Party,

the benefits of this Agreement shall not apply to any item of income on which the tax in the third jurisdiction is less than 60 per cent of the tax that would be imposed in the first-mentioned Contracting

Party on that item of income if that permanent establishment were situated in the first-mentioned Contracting Party. In such a case any income to which the provisions of this paragraph apply shall remain taxable according to the internal laws of the other Contracting Party, notwithstanding any other provisions of the Agreement.

(b) The preceding provisions of this paragraph shall not apply if the income derived from the other Contracting Party emanates from, or is incidental to, the active conduct of a business carried on through the permanent establishment (other than the business of making, managing or simply holding investments for the enterprise's own account, unless these activities are banking, insurance or securities activities carried on by a bank, insurance enterprise or registered securities dealer, respectively).

(c) If benefits under the Agreement are denied pursuant to the preceding provisions of this paragraph with respect to an item of income derived by a resident of a Contracting Party, the competent authority of the other Contracting Party may, nevertheless, grant these benefits with respect to that item of income if, in response to a request by such resident, such competent authority determines that granting such benefits is justified in light of the reasons such resident did not satisfy the requirements of this paragraph (such as the existence of losses). The competent authority of the Contracting Party to which a request has been made under the preceding sentence shall consult with the competent authority of the other Contracting Party before either granting or denying the request.

2. Notwithstanding the other provisions of the Agreement, a benefit under the Agreement shall not be granted in respect of an item of income if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted

directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of the Agreement.

3. Nothing in the Agreement shall prejudice the right of each Contracting Party to apply its internal laws and measures concerning tax evasion or avoidance, whether or not described as such.

Article 28

Entry into Force

1. The Contracting Parties shall notify each other in writing of the completion of the procedures required by its law for the bringing into force of this Agreement.
2. The Agreement shall enter into force thirty days after the date of the later of the notifications referred to in paragraph 1 and the provisions of the Agreement shall thereupon have effect:
 - (a) in the Hong Kong Special Administrative Region:

with regard to Hong Kong Special Administrative Region tax, for any year of assessment beginning on or after the first day of April of the year following that in which the Agreement enters into force;
 - (b) in Türkiye:
 - (i) with regard to taxes withheld at source, in respect to amounts paid or credited on or after the first day of January of the year following that in which the Agreement enters into force; and

- (ii) with regard to other taxes, in respect of taxable years beginning on or after the first day of January of the year following that in which the Agreement enters into force.

Article 29

Termination

This Agreement shall remain in force until terminated by a Contracting Party. Either Contracting Party may terminate the Agreement, through official channels, by giving the other Contracting Party written notice of termination at least six months before the end of any calendar year beginning after the expiry of a period of five years from the date on which the Agreement enters into force. In such event, the Agreement shall cease to have effect:

- (a) in the Hong Kong Special Administrative Region:

with regard to Hong Kong Special Administrative Region tax, for any year of assessment beginning on or after the first day of April of the year following that in which the notice is given;

- (b) in Türkiye:

- (i) with regard to taxes withheld at source, in respect to amounts paid or credited on or after the first day of January of the year following that in which the notice is given; and

- (ii) with regard to other taxes, in respect of taxable years beginning on or after the first day of January of the year following that in which the notice is given.

IN WITNESS WHEREOF, the undersigned, duly authorized hereto, have signed the Agreement.

DONE in duplicate at Hong Kong this 24th day of September 2024, in the Chinese, Turkish and English languages, all three texts being equally authentic. In case of divergence between the texts, the English text shall prevail.

For the Government of
the Hong Kong Special
Administrative Region of the
People's Republic of China

For the Government of
the Republic of Türkiye

Christopher HUI
Secretary for Financial Services
and the Treasury

Bekir BAYRAKDAR
Commissioner of
Revenue Administration

PROTOCOL

At the time of signing the Agreement between the Government of the Hong Kong Special Administrative Region of the People's Republic of China and the Government of the Republic of Türkiye for the Elimination of Double Taxation with respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance (hereinafter referred to as "the Agreement"), the undersigned have agreed upon the following provisions which shall constitute an integral part of the Agreement.

1. With reference to Article 10, paragraph 2

It is understood that the dividends are not taxed in the Hong Kong Special Administrative Region. In case of taxation of such dividends in the Hong Kong Special Administrative Region, the rates mentioned in paragraph 2(a) shall be increased from 5 per cent to 10 per cent, and in paragraph 2(b) shall be increased from 10 per cent to 15 per cent and the competent authority of the Hong Kong Special Administrative Region will inform the competent authority of Türkiye according to paragraph 4 of Article 2.

2. With reference to Article 10, paragraph 3

- (a) in the case of the Hong Kong Special Administrative Region, "investment fund" and "investment trust" refer to collective investment schemes which are authorized by the Hong Kong Securities and Futures Commission under the Securities and Futures Ordinance (Cap. 571);
- (b) in the case of Türkiye, "investment fund" and "investment trust" are investment vehicles which are regulated and supervised by the law on capital market (Law No. 6362, Official Gazette on 30 December 2012).

3. With reference to Article 24, paragraph 2

It is understood that the taxpayer must, in the case of Türkiye, claim the refund resulting from such mutual agreement within a period of one year after the tax administration has notified the taxpayer of the result of the mutual agreement.

4. With reference to Article 25, paragraph 2

It is understood that the competent authority of Türkiye may disclose information to the Turkish Court of Accounts, the Turkish Tax Inspection Board, the Turkish Ombudsman Institution and their staff. The competent authority of Türkiye shall notify the competent authority of the Hong Kong Special Administrative Region of any subsequent changes to the aforesaid oversight bodies.

IN WITNESS WHEREOF, the undersigned, duly authorized hereto, have signed the Protocol.

DONE in duplicate at Hong Kong this 24th day of September 2024, in the Chinese, Turkish and English languages, all three texts being equally authentic. In case of divergence between the texts, the English text shall prevail.

For the Government of
the Hong Kong Special
Administrative Region of the
People's Republic of China

For the Government of
the Republic of Türkiye

Christopher HUI
Secretary for Financial Services
and the Treasury

Bekir BAYRAKDAR
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