

Hong Kong and Korea
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 Korean residents or companies shall be allowed as a credit against any tax payable in respect of the same income in Korea;
- the withholding tax rate on royalties derived by Hong Kong residents in Korea will be reduced from the current rate of 20% to 10%;
- the withholding tax rate on interest derived by Hong Kong residents in Korea will be reduced from the current rate of 14% (bonds) and 20% (others) to 10%. The withholding tax rate on the interest will be exempted if the recipient is the Government of the Hong Kong Special Administrative Region (HKSAR), Hong Kong Monetary Authority or such other institutions wholly or mainly owned by the Government of the HKSAR as subsequently agreed between both Parties;
- the withholding tax rate on dividends derived by Hong Kong residents in Korea will be reduced from the current rate of 20% to 15%. The withholding tax rate on dividends will be further reduced to 10% if the beneficial owner is a company which holds directly at least 25% of the capital of the company paying the dividends;
- profits from international shipping transport earned by Hong Kong residents that arise in Korea will enjoy full tax exemption; and
- Hong Kong airlines operating flights to Korea will only be taxed in Hong Kong at Hong Kong's corporation tax rate.

Hong Kong and Vietnam
Second Protocol to Comprehensive Agreement for the Avoidance of
Double Taxation

Highlights

Under the second protocol:

- in relation to the exchange of information (EoI) arrangement, the domestic tax interest requirement is removed, so that the EoI article in this agreement adopts the 2004 version of the Organisation for Economic Co-operation and Development to meet the international standard.