

Corporate Investment Income

Hong Kong

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This chapter is based on information available up to 29 May 2022. Please find below the main change made to this chapter up to that date:

[One-off reduction of 100% of profits tax for the year of assessment 2021/22 enacted.](#)

1. Taxation of Resident Companies

1.1. Definitions

A company is resident in Hong Kong if it is incorporated in Hong Kong or if its central management and control is exercised in Hong Kong.

However, as Hong Kong applies a territorial basis of assessment, liability to tax is determined not based on residence status, but on the source of income.

This chapter is limited to legal entities the capital of which is divided into shares and the shareholders' liability of which is limited to their contributions (e.g. a joint-stock company and a limited liability company). These will be referred to as "companies". Special types of companies such as investment companies, insurance companies, partnerships and representative offices will not be discussed here.

1.2. Corporate income tax

1.2.1. General

Profits tax (*Li De Shui*) is imposed on profits arising from a trade, profession or business carried on in Hong Kong. The law governing the imposition of tax is the Inland Revenue Ordinance (*Shui Wu Tiao Li*, IRO). The tax administration authority is the Inland Revenue Department (IRD).

Profits tax is charged on the assessable profits for a year of assessment which starts on 1 April and ends on 31 March the following year. Upon cessation of a business (subject to certain circumstances where special treatment would apply), the assessable profits are generally determined based on the profits for the period from the end of the basis period for the previous year of assessment to the date of cessation.

Hong Kong applies a dividend exemption system. Under this system, the company pays tax on its taxable income at the corporate level, and dividends paid to shareholders are exempt from tax at the shareholder level.

1.2.2. Taxable income

Companies carrying on trade or business in Hong Kong are subject to profits tax on income arising in or derived from that trade or business. As only profits arising in or derived from Hong Kong are taxable, the source of profits is an extremely important concept in tax law.

The questions as to whether a business is carried on in Hong Kong and whether profits are derived from Hong Kong are largely questions of fact. No guidance is provided by the legislation in this respect. Some guidance on the principles applied can be found in cases which have been considered by the courts in Hong Kong and in other common law jurisdictions.

Certain profits, which may otherwise be characterized as having a capital nature or having a source other than Hong Kong, are deemed to arise in or be derived from Hong Kong and thus are subject to profits tax. The main items include:

- amounts received from the exhibition or use in Hong Kong of cinematograph or television film or tape, any sound recording or any advertising material connected with such film, tape or recording;
- royalties received for the use or right to use in Hong Kong a patent, design, trademark, copyright material, secret process or formula or other property of a similar nature;
- royalties for the use of, or for the right to use, most intellectual property (IP) outside Hong Kong, if they are deductible in determining taxable income for Hong Kong profits tax purposes;
- grants, subsidies or similar financial assistance related to a trade, profession or business carried on in Hong Kong (other than amounts in connection with capital expenditure to be made);
- amounts received by way of hire, rental or similar charges for the use of or the right to use movable property in Hong Kong;
- interest from sources outside Hong Kong received by or accrued to a financial institution from carrying on a business in Hong Kong, and profits made by a financial institution from the sale or redemption on maturity of any certificate of deposit or bill of exchange;
- Hong Kong-source profits from the sale or redemption on maturity of a certificate of deposit or bill of exchange; and
- amounts derived by a person in consideration for the transfer of a right to receive income from property.

Dividends received from a company which is subject to Hong Kong profits tax, as well as amounts already included in the assessable profits of other persons subject to profits tax (e.g. shares of profits from joint ventures) are excluded from the assessable profits of the recipient. In addition, the following items are also excluded from assessable profits:

- interest on Tax Reserve Certificates issued by the Commissioner of Inland Revenue;
- interest on government bonds, and any profit on the sale or redemption of such bonds;
- interest derived from deposits placed in Hong Kong with an authorized institution which is exempt from profits tax under the Exemption from Profits Tax (Interest Income) Order; and
- interest and trading profits derived from long-term debt instruments.

The taxable income for a year of assessment is determined by subtracting allowable deductions from profits.

1.2.3. Deductible expenses

Generally, expenses are allowed as deductions if they have been incurred in the production of taxable profits. Deductible expenses include:

- interest on borrowed funds (provided that certain conditions are satisfied);
- bad and doubtful debts (any recoveries to be treated as income when received);
- expenditure for registration of a trademark, design, patent or plant variety rights used in the production of profits;
- expenditure on the purchase of specified IP rights to be used in the production of taxable profits. With effect from 1 April 2018, the profits tax deduction scope for capital expenditure incurred for the purchase of IP rights is extended from five types to eight, namely patents, know-how, copyrights, registered designs, registered trademarks, rights in layout design (topography) of integrated circuits, rights in plant varieties and rights in performances. Full deduction for the expenditure incurred on patent rights or rights to any know-how is allowed in the year of purchase. A 20% deduction of expenditure incurred on copyrights, registered designs or registered trademarks is allowed for 5 consecutive years, starting from the year of purchase. No deduction is allowed in respect of IP rights purchased wholly or partly from an associated or related person;
- full deduction for the capital expenditure incurred in procuring environmental protection installations is allowed in the year of purchase;

- enhanced tax deductions for qualified R&D expenditures. With effect from 1 April 2018, R&D expenditures are classified into either “Type A expenditures” which qualify for 100% deduction or “Type B expenditures” which qualify for an enhanced tax deduction. The enhanced tax deduction for “Type B expenditures” is a two-tier deduction regime. The deduction is 300% for the first HKD 2 million of the aggregate amounts of payments made to “designated local research institutions” for “qualifying R&D activities”, and expenditures incurred by the enterprises for in-house qualifying R&D, and 200% for the remaining amount. There is no cap on the amount of enhanced tax deduction; and
- interest payable on money borrowed from a non-Hong Kong associated corporation.

The transfer of certain head office administrative expenses by means of a charge to a local branch or subsidiary in Hong Kong is allowed as a deduction, to the extent that they were incurred during the year of assessment in deriving taxable profits.

1.2.4. Capital gains

Capital gains are generally not taxable. However, profits tax may be charged on the profits from speculative transactions if they can be shown to have a trade nature.

1.2.5. Tax rates

With effect from 1 April 2018, Hong Kong implements a two-tiered profits tax rates regime. Under the regime, companies are subject to profits tax at the rate of 8.25% for the first HKD 2 million of profits and the standard profits tax rate of 16.5% remains unchanged for profits beyond HKD 2 million. For unincorporated businesses, which mostly consist of partnerships and sole proprietorships, the two-tiered tax rates are set at 7.5% and 15%, respectively. There is a one-off reduction of 100% of the profits tax for the year of assessment 2021/22, subject to a maximum of HKD 10,000 per case.

1.3. Withholding taxes

There are no withholding taxes on payments to resident companies.

1.4. Other taxes on income

No other taxes are imposed on the investment income of resident companies.

1.5. Miscellaneous taxes

There is no net worth tax or VAT in Hong Kong.

Stamp duty (*Yin Hua Shui*) is levied on documents evidencing transactions in respect of immovable property, stocks and bearer instruments, at fixed and ad valorem rates. Fixed duties vary from HKD 5 to HKD 1.5 million, whereas ad valorem duties range from 0.1% to 20% of the transaction value.

Documents evidencing transactions in respect of shares or units of qualifying funds are not subject to stamp duty.

2. Taxation of Foreign-Source Income

2.1. Domestic rules

2.1.1. Foreign income and capital gains

Companies are generally not subject to tax on foreign income even if remitted into Hong Kong, except where such income is deemed to have a Hong Kong source (see section 1.2.2.). Foreign capital gains are also not subject to tax.

2.1.2. Double taxation relief

2.1.2.1. Unilateral relief

Hong Kong's territorial basis of assessment serves to a large extent as a measure of unilateral relief from double taxation, as most persons are not taxed on income which is not sourced in Hong Kong.

A deduction is available for financial institutions for foreign tax paid in respect of interest or profits from the disposal or redemption of certificates of deposit and bills of exchange which are deemed to be derived from a Hong Kong business.

2.1.2.2. Treaty relief

Most of the concluded treaties are in line with the OECD Model, and Hong Kong has agreed to adopt the exchange of information standards set by the OECD.

2.2. Bilateral situations

The following describes, on a country-by-country basis, the treatment of foreign-source income under the domestic law and/or the relevant tax treaty. The source country taxation is assumed to follow the treaty's rules. This means that where a treaty allows the source country to levy a tax, that tax is assumed to have been paid, although no tax may exist under the domestic law of the source country.

Argentina

No treaty. Foreign income is exempt under domestic law (see section 2.1.1.).

For Argentinian taxes, see [Argentina section 4](#).

Austria

[Treaty](#) and [protocol](#) of 25 May 2010, as amended by the [protocol](#) of 25 June 2012. Foreign income is exempt under domestic law (see section 2.1.1.).

For Austrian taxes, see [Austria section 4](#).

Belgium

[Treaty](#) and [protocol](#) of 10 December 2003. Foreign income is exempt under domestic law (see section 2.1.1.).

For Belgian taxes, see [Belgium section 4](#).

Brazil

No treaty. Foreign income is exempt under domestic law (see section 2.1.1.).

For Brazilian taxes, see [Brazil section 4](#).

Bulgaria

No treaty. Foreign income is exempt under domestic law (see section 2.1.1.).

For Bulgarian taxes, see [Bulgaria section 4](#).

Canada

[Treaty of 11 November 2012](#). Foreign income is exempt under domestic law (see section 2.1.1.).

For Canadian taxes, see [Canada section 4](#).

China (People's Rep.)

[Treaty](#) and [protocol](#) of 21 August 2006, as amended by the protocols of [30 January 2008](#), [27 May 2010](#), [1 April 2015](#) and [19 July 2019](#). Foreign income is exempt under domestic law (see section 2.1.1.).

For Chinese taxes, see [China section 4](#).

Croatia

No treaty. Foreign income is exempt under domestic law (see section 2.1.1.).

For Croatian taxes, see [Croatia section 4](#).

Cyprus

No treaty. Foreign income is exempt under domestic law (see section 2.1.1.).

For Cypriot taxes, see [Cyprus section 4](#).

Czech Republic

[Treaty of 6 June 2011](#). Foreign income is exempt under domestic law (see section [2.1.1.](#)).

For Czech taxes, see [Czech Republic section 4](#).

Denmark

No treaty. Foreign income is exempt under domestic law (see section [2.1.1.](#)).

For Danish taxes, see [Denmark section 4](#).

Estonia

[Treaty](#) and [protocol](#) of 25 September 2019. Foreign income is exempt under domestic law (see section [2.1.1.](#)).

For Estonian taxes, see [Estonia section 4](#).

Finland

[Treaty](#) of 24 May 2018. Foreign income is exempt under domestic law (see section [2.1.1.](#)).

For Finnish taxes, see [Finland section 4](#).

France

[Treaty](#) and [protocol](#) of 21 October 2010. Foreign income is exempt under domestic law (see section [2.1.1.](#)).

For French taxes, see [France section 4](#).

Germany

No treaty. Foreign income is exempt under domestic law (see section [2.1.1.](#)).

For German taxes, see [Germany section 4](#).

Greece

No treaty. Foreign income is exempt under domestic law (see section [2.1.1.](#)).

For Greek taxes, see [Greece section 4](#).

Hungary

[Treaty](#) and [protocol](#) of 12 May 2010. Foreign income is exempt under domestic law (see section [2.1.1.](#)).

For Hungarian taxes, see [Hungary section 4](#).

India

[Treaty](#) of 19 March 2018. Foreign income is exempt under domestic law (see section [2.1.1.](#)).

For Indian taxes, see [India section 4](#).

Indonesia

[Treaty](#) and [protocol](#) of 23 March 2010. Foreign income is exempt under domestic law (see section [2.1.1.](#)).

For Indonesian taxes, see [Indonesia section 4](#).

Ireland

[Treaty](#) and [protocol](#) of 22 June 2010. Foreign income is exempt under domestic law (see section [2.1.1.](#)).

For Irish taxes, see [Ireland section 4](#).

Italy

[Treaty of 14 January 2013](#). Foreign income is exempt under domestic law (see section [2.1.1.](#)).

For Italian taxes, see [Italy section 4](#).

Korea (Rep.)

[Treaty](#) and [protocol](#) of 8 July 2014. Foreign income is exempt under domestic law (see section 2.1.1.).

For Korean taxes, see [Korea \(Rep.\) section 4](#).

Latvia

[Treaty](#) and [protocol](#) of 13 April 2016. Foreign income is exempt under domestic law (see section 2.1.1.).

For Latvian taxes, see [Latvia section 4](#).

Lithuania

No treaty. Foreign income is exempt under domestic law (see section 2.1.1.).

For Lithuanian taxes, see [Lithuania section 4](#).

Luxembourg

[Treaty of 2 November 2007](#), as amended by the [protocol](#) of 11 November 2010. Foreign income is exempt under domestic law (see section 2.1.1.).

For Luxembourg taxes, see [Luxembourg section 4](#).

Malaysia

[Treaty](#) and [protocol](#) of 25 April 2012. Foreign income is exempt under domestic law (see section 2.1.1.).

For Malaysian taxes, see [Malaysia section 4](#).

Malta

[Treaty](#) and [protocol](#) of 8 November 2011. Foreign income is exempt under domestic law (see section 2.1.1.).

For Maltese taxes, see [Malta section 4](#).

Mauritius

No treaty. Foreign income is exempt under domestic law (see section 2.1.1.).

For Mauritian taxes, see [Mauritius section 4](#).

Mexico

[Treaty of 18 June 2012](#). Foreign income is exempt under domestic law (see section 2.1.1.).

For Mexican taxes, see [Mexico section 4](#).

Netherlands

[Treaty](#), [protocol](#) and [exchange of notes](#) of 22 March 2010. Foreign income is exempt under domestic law (see section 2.1.1.).

For Netherlands taxes, see [Netherlands section 4](#).

Norway

No treaty. Foreign income is exempt under domestic law (see section 2.1.1.).

For Norwegian taxes, see [Norway section 4](#).

Poland

No treaty. Foreign income is exempt under domestic law (see section 2.1.1.).

For Polish taxes, see [Poland section 4](#).

Portugal

[Treaty](#) and [protocol](#) of 22 March 2011. Foreign income is exempt under domestic law (see section 2.1.1.).

For Portuguese taxes, see [Portugal section 4](#).

Romania

[Treaty of 18 November 2015](#). Foreign income is exempt under domestic law (see section [2.1.1](#)).

For Romanian taxes, see [Romania section 4](#).

Russia

[Treaty and protocol of 18 January 2016](#). Foreign income is exempt under domestic law (see section [2.1.1](#)).

For Russian taxes, see [Russia section 4](#).

Saudi Arabia

[Treaty of 24 August 2017](#). Foreign income is exempt under domestic law (see section [2.1.1](#)).

For Saudi Arabian taxes, see [Saudi Arabia section 4](#).

Singapore

No treaty. Foreign income is exempt under domestic law (see section [2.1.1](#)).

For Singaporean taxes, see [Singapore section 4](#).

Slovak Republic

No treaty. Foreign income is exempt under domestic law (see section [2.1.1](#)).

For Slovak taxes, see [Slovak Republic section 4](#).

Slovenia

No treaty. Foreign income is exempt under domestic law (see section [2.1.1](#)).

For Slovenian taxes, see [Slovenia section 4](#).

South Africa

[Treaty of 16 October 2014](#). Foreign income is exempt under domestic law (see section [2.1.1](#)).

For South African taxes, see [South Africa section 4](#).

Spain

[Treaty and protocol of 1 April 2011](#). Foreign income is exempt under domestic law (see section [2.1.1](#)).

For Spanish taxes, see [Spain section 4](#).

Sweden

No treaty. Foreign income is exempt under domestic law (see section [2.1.1](#)).

For Swedish taxes, see [Sweden section 4](#).

Switzerland

[Treaty and protocol of 4 October 2011](#). Foreign income is exempt under domestic law (see section [2.1.1](#)).

For Swiss taxes, see [Switzerland section 4](#).

Taiwan

No treaty. Foreign income is exempt under domestic law (see section [2.1.1](#)).

For Taiwanese taxes, see [Taiwan section 4](#).

Turkey

No treaty. Foreign income is exempt under domestic law (see section [2.1.1](#)).

For Turkish taxes, see [Turkey section 4](#).

Ukraine

No treaty. Foreign income is exempt under domestic law (see section [2.1.1](#)).

For Ukrainian taxes, see [Ukraine section 4](#).

United Kingdom

[Treaty](#) and [protocol](#) of 21 June 2010. Foreign income is exempt under domestic law (see section [2.1.1](#)).

For UK taxes, see [United Kingdom section 4](#).

United States

No treaty. Foreign income is exempt under domestic law (see section [2.1.1](#)).

For US taxes, see [United States section 4](#).

Vietnam

[Treaty](#) and [protocol](#) of 16 December 2008, as amended by the [protocol](#) of 13 January 2014. Foreign income is exempt under domestic law (see section [2.1.1](#)).

For Vietnamese taxes, see [Vietnam section 4](#).

3. Taxation of Non-Resident Companies

3.1. Definitions

A company is regarded as non-resident if its place of central management and control is located outside Hong Kong.

3.2. Taxes on income and capital gains

3.2.1. General

A non-resident company carrying on a trade or business in Hong Kong is assessed only on income arising in or derived from Hong Kong. The income is generally subject to tax under the normal rules for residents (see section [1.2](#)).

The question as to whether a particular item of income has its source in Hong Kong is largely one of fact, and has been considered in many court cases (see section [1.2.2](#) for details).

3.2.2. Taxable income

Business income derived through a permanent establishment in Hong Kong is subject to profits tax. Where a company operates through an agent in Hong Kong, the company is assessable, either directly or in the name of the agent, on all profits arising in Hong Kong.

Non-residents are exempt from tax on profits from the following transactions carried on through or arranged by an authorized financial institution or licensed company, as well as from actions incidental to the carrying on of such transactions:

- transactions in securities;
- transactions in futures contracts;
- transactions involving foreign exchange contracts;
- transactions consisting in the making of a deposit other than by way of a money-lending business;
- transactions in foreign currencies; and
- transactions in exchange-traded commodities.

All dividends derived through a permanent establishment are exempt. Interest and royalties are taxable if they arise in or are derived from Hong Kong.

3.2.3. Capital gains

Capital gains are generally not taxable. However, profits tax may be charged on the profits of a speculative transaction if it can be shown to have the nature of trade.

3.3. Withholding taxes

The Hong Kong tax system does not generally make use of withholding taxes (*Yu Ti Shui*), except in limited circumstances, such as in case of certain royalties (see section 3.3.3.).

3.3.1. Dividends

There are no withholding taxes on dividends.

3.3.2. Interest

There are no withholding taxes on interest.

3.3.3. Patent royalties

Royalties derived from the use of, or right to use, a patent which are deemed to arise in Hong Kong, are subject to a final withholding tax.

Withholding tax is levied at the normal profits tax rate if the recipient is an associated party. Patent royalties are subject to withholding tax of the rate of 15% on 30% of the deemed taxable profit if the recipient is not an associated party. This results in an effective withholding tax of 4.95% for corporations.

3.3.4. Procedure

The income payer in Hong Kong is required to deduct from the amount it pays to the non-resident an amount sufficient to cover the non-resident's tax liability in respect of such amount.

When claiming a reduced treaty rate on royalties, a non-resident recipient must inform the Hong Kong income payer that it is a resident of a treaty jurisdiction. Thereafter, the Hong Kong income payer should apply to the IRD for the approval of a reduced rate, by submitting a copy of the tax residency certificate of the recipient issued by its country of residence. When the application is accepted, the Hong Kong income payer may withhold tax at the reduced rate.

When the non-resident recipient ceases to be a resident of the relevant treaty jurisdiction, the Hong Kong payer should notify the IRD of the change within 30 days and withhold tax at the statutory rate from the date of the change.

3.4. Other taxes on income

No other taxes are imposed on the investment income of non-resident companies.

3.5. Miscellaneous taxes

There is no net worth tax nor VAT in Hong Kong.

See section 1.5. for stamp duty.

4. Taxation of Outbound Payments – Bilateral Situations

The following chart contains the withholding tax rates that are applicable to dividend, interest and royalty payments from Hong Kong to non-residents under the tax treaties currently in force. As Hong Kong does not impose any withholding tax on dividend or interest payments under domestic law, the rates provided below are the maximum withholding rates should Hong Kong impose a withholding tax on such payments in the future.

Argentinian company receives income from Hong Kong

No treaty.

Type of income	Hong Kong taxes payable by the Argentinian company
Patent royalties	4.95% withholding tax [domestic law].

Type of income	Hong Kong taxes payable by the Argentinian company
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Argentinian taxes, see [Argentina section 2](#).

Austrian company receives income from Hong Kong

[Treaty](#) and [protocol](#) of 25 May 2010, as amended by the [protocol](#) of 25 June 2012.

Type of income	Hong Kong taxes payable by the Austrian company
Patent royalties	3% withholding tax [Treaty article 12(2)].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law and Treaty article 11(1)].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(3)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Austrian taxes, see [Austria section 2](#).

Belgian company receives income from Hong Kong

[Treaty](#) and [protocol](#) of 10 December 2003.

Type of income	Hong Kong taxes payable by the Belgian company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(5)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Belgian taxes, see [Belgium section 2](#).

Brazilian company receives income from Hong Kong

No treaty.

Type of income	Hong Kong taxes payable by the Brazilian company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Brazilian taxes, see [Brazil section 2](#).

Bulgarian company receives income from Hong Kong

No treaty.

Type of income	Hong Kong taxes payable by the Bulgarian company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Bulgarian taxes, see [Bulgaria section 2](#).

Canadian company receives income from Hong Kong

[Treaty of 11 November 2012](#).

Type of income	Hong Kong taxes payable by the Canadian company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(6)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Canadian taxes, see [Canada section 2](#).

Chinese company receives income from Hong Kong

[Treaty](#) and [protocol](#) of 21 August 2006, as amended by the protocols of [30 January 2008](#), [27 May 2010](#), [1 April 2015](#) and [19 July 2019](#).

Type of income	Hong Kong taxes payable by the Chinese company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(5)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Chinese taxes, see [China section 2](#).

Croatian company receives income from Hong Kong

No treaty.

Type of income	Hong Kong taxes payable by the Croatian company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Croatian taxes, see [Croatia section 2](#).

Cypriot company receives income from Hong Kong

No treaty.

Type of income	Hong Kong taxes payable by the Cypriot company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Cypriot taxes, see [Cyprus section 2](#).

Czech company receives income from Hong Kong

[Treaty of 6 June 2011](#).

Type of income	Hong Kong taxes payable by the Czech company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law and Treaty article 11(1)].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(3)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Czech taxes, see [Czech Republic section 2](#).

Danish company receives income from Hong Kong

No treaty.

Type of income	Hong Kong taxes payable by the Danish company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Danish taxes, see [Denmark section 2](#).

Estonian company receives income from Hong Kong

[Treaty](#) and [protocol](#) of 25 September 2019.

Type of income	Hong Kong taxes payable by the Estonian company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Estonian taxes, see [Estonia section 2](#).

Finnish company receives income from Hong Kong

Treaty of 24 May 2018.

Type of income	Hong Kong taxes payable by the Finnish company
Patent royalties	3% withholding tax [Treaty article 12(2)].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(3)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Finnish taxes, see [Finland section 2](#).

French company receives income from Hong Kong

Treaty and protocol of 21 October 2010.

Type of income	Hong Kong taxes payable by the French company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(5)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For French taxes, see [France section 2](#).

German company receives income from Hong Kong

No treaty.

Type of income	Hong Kong taxes payable by the German company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For German taxes, see [Germany section 2](#).

Greek company receives income from Hong Kong

No treaty.

Type of income	Hong Kong taxes payable by the Greek company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Greek taxes, see [Greece section 2](#).

Hungarian company receives income from Hong Kong

[Treaty](#) and [protocol](#) of 12 May 2010.

Type of income	Hong Kong taxes payable by the Hungarian company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(5)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Hungarian taxes, see [Hungary section 2](#).

Indian company receives income from Hong Kong

[Treaty](#) of 19 March 2018.

Type of income	Hong Kong taxes payable by the Indian company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(5)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Indian taxes, see [India section 2](#).

Indonesian company receives income from Hong Kong

[Treaty](#) and [protocol](#) of 23 March 2010.

Type of income	Hong Kong taxes payable by the Indonesian company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(5)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Indonesian taxes, see [Indonesia section 2](#).

Irish company receives income from Hong Kong

[Treaty](#) and [protocol](#) of 22 June 2010.

Type of income	Hong Kong taxes payable by the Irish company
Patent royalties	3% withholding tax [Treaty article 12(2)].
Dividends	No withholding tax [domestic law and Treaty article 10(1)].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(5)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Irish taxes, see [Ireland section 2](#).

Italian company receives income from Hong Kong

Treaty of 14 January 2013.

Type of income	Hong Kong taxes payable by the Italian company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(5)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Italian taxes, see [Italy section 2](#).

Korean company receives income from Hong Kong

Treaty and protocol of 8 July 2014.

Type of income	Hong Kong taxes payable by the Korean company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 11(5) and 12(4)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Korean taxes, see [Korea \(Rep.\) section 2](#).

Latvian company receives income from Hong Kong

Treaty and protocol of 13 April 2016.

Type of income	Hong Kong taxes payable by the Latvian company
Patent royalties	3% withholding tax [Treaty article 12(2b)].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(5)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Latvian taxes, see [Latvia section 2](#).

Lithuanian company receives income from Hong Kong

No treaty.

Type of income	Hong Kong taxes payable by the Lithuanian company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Lithuanian taxes, see [Lithuania section 2](#).

Luxembourg company receives income from Hong Kong

Treaty of 2 November 2007, as amended by the protocol of 11 November 2010.

Type of income	Hong Kong taxes payable by the Luxembourg company
Patent royalties	3% withholding tax [Treaty article 12(2)].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law and Treaty article 11(1)].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(3)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Luxembourg taxes, see [Luxembourg section 2](#).

Malaysian company receives income from Hong Kong

Treaty and protocol of 25 April 2012.

Type of income	Hong Kong taxes payable by the Malaysian company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(5)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Malaysian taxes, see [Malaysia section 2](#).

Maltese company receives income from Hong Kong

Treaty and protocol of 8 November 2011.

Type of income	Hong Kong taxes payable by the Maltese company
Patent royalties	3% withholding tax [Treaty article 12(2)].
Dividends	No withholding tax [domestic law and Treaty article 10(1)].
Interest	No withholding tax [domestic law and Treaty article 11(1)].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(3)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Maltese taxes, see [Malta section 2](#).

Mauritian company receives income from Hong Kong

No treaty.

Type of income	Hong Kong taxes payable by the Mauritian company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Mauritian taxes, see [Mauritius section 2](#).

Mexican company receives income from Hong Kong

[Treaty of 18 June 2012.](#)

Type of income	Hong Kong taxes payable by the Mexican company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(5)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Mexican taxes, see [Mexico section 2](#).

Netherlands company receives income from Hong Kong

[Treaty, protocol and exchange of notes](#) of 22 March 2010.

Type of income	Hong Kong taxes payable by the Netherlands company
Patent royalties	3% withholding tax [Treaty article 12(2)].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law and Treaty article 11(1)].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(4)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Netherlands taxes, see [Netherlands section 2](#).

Norwegian company receives income from Hong Kong

No treaty.

Type of income	Hong Kong taxes payable by the Norwegian company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Norwegian taxes, see [Norway section 2](#).

Polish company receives income from Hong Kong

No treaty.

Type of income	Hong Kong taxes payable by the Polish company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Polish taxes, see [Poland section 2](#).

Portuguese company receives income from Hong Kong

[Treaty and protocol](#) of 22 March 2011.

Type of income	Hong Kong taxes payable by the Portuguese company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(5)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Portuguese taxes, see [Portugal section 2](#).

Romanian company receives income from Hong Kong

[Treaty of 18 November 2015](#).

Type of income	Hong Kong taxes payable by the Romanian company
Patent royalties	3% withholding tax [Treaty article 12(2)].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 11(6) and 12(4)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Romanian taxes, see [Romania section 2](#).

Russian company receives income from Hong Kong

[Treaty and protocol](#) of 18 January 2016.

Type of income	Hong Kong taxes payable by the Russian company
Patent royalties	3% withholding tax [Treaty article 12(2)].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 11(3) and 12(4)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Russian taxes, see [Russia section 2](#).

Saudi Arabian company receives income from Hong Kong

[Treaty](#) of 24 August 2017.

Type of income	Hong Kong taxes payable by the Saudi Arabian company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(3)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Saudi Arabian taxes, see [Saudi Arabia section 2](#).

Singaporean company receives income from Hong Kong

No treaty.

Type of income	Hong Kong taxes payable by the Singaporean company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Singaporean taxes, see [Singapore section 2](#).

Slovak company receives income from Hong Kong

No treaty.

Type of income	Hong Kong taxes payable by the Slovak company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Slovak taxes, see [Slovak Republic section 2](#).

Slovenian company receives income from Hong Kong

No treaty.

Type of income	Hong Kong taxes payable by the Slovenian company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Slovenian taxes, see [Slovenia section 2](#).

South African company receives income from Hong Kong

[Treaty of 16 October 2014](#).

Type of income	Hong Kong taxes payable by the South African company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(5)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For South African taxes, see [South Africa section 2](#).

Spanish company receives income from Hong Kong

[Treaty](#) and [protocol](#) of 1 April 2011.

Type of income	Hong Kong taxes payable by the Spanish company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(5)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Spanish taxes, see [Spain section 2](#).

Swedish company receives income from Hong Kong

No treaty.

Type of income	Hong Kong taxes payable by the Swedish company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Swedish taxes, see [Sweden section 2](#).

Swiss company receives income from Hong Kong

[Treaty](#) and [protocol](#) of 4 October 2011.

Type of income	Hong Kong taxes payable by the Swiss company
Patent royalties	3% withholding tax [Treaty article 12(2)].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law and Treaty article 11(1)].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(3)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Swiss taxes, see [Switzerland section 2](#).

Taiwanese company receives income from Hong Kong

No treaty.

Type of income	Hong Kong taxes payable by the Taiwanese company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Taiwanese taxes, see [Taiwan section 2](#).

Turkish company receives income from Hong Kong

No treaty.

Type of income	Hong Kong taxes payable by the Turkish company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Turkish taxes, see [Turkey section 2](#).

Ukrainian company receives income from Hong Kong

No treaty.

Type of income	Hong Kong taxes payable by the Ukrainian company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Ukrainian taxes, see [Ukraine section 2](#).

United Kingdom company receives income from Hong Kong

[Treaty](#) and [protocol](#) of 21 June 2010.

Type of income	Hong Kong taxes payable by the UK company
Patent royalties	3% withholding tax [Treaty article 12(2)].
Dividends	No withholding tax [domestic law and Treaty article 10(2)(a)].
Interest	No withholding tax [domestic law and Treaty article 11(3)(a)].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(5)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For UK taxes, see [United Kingdom section 2](#).

United States company receives income from Hong Kong

No treaty.

Type of income	Hong Kong taxes payable by the US company
Patent royalties	4.95% withholding tax [domestic law].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For US taxes, see [United States section 2](#).

Vietnamese company receives income from Hong Kong

Treaty and protocol of 16 December 2008, as amended by the protocol of 13 January 2014.

Type of income	Hong Kong taxes payable by the Vietnamese company
Patent royalties	4.95% withholding tax [domestic rate].
Dividends	No withholding tax [domestic law].
Interest	No withholding tax [domestic law].
Note:	If the patent royalties or interest are derived through a permanent establishment in Hong Kong, such income is included in the taxable profits of the permanent establishment and is subject to profits tax in the normal manner [Treaty articles 12(4) and 11(5)]. Dividends derived from a Hong Kong resident company by a non-resident through its permanent establishment in Hong Kong are exempt from tax [domestic law].

For Vietnamese taxes, see [Vietnam section 2](#).

5. Holding Companies

In determining the benefits of using a country as a site for an international holding company, the focus should be on:

- (1) taxes levied in the country of source;
- (2) taxes levied in the holding company country on foreign income and capital gains;
- (3) taxes levied in the holding company country on accumulated income (net worth tax);
- (4) taxes levied in the holding company country on income paid to the non-resident parent; and
- (5) taxes levied in the parent company's country.

The discussion below is based on these five elements.

- (1) Taxes levied in the country of source on patent royalties, dividends and interest paid to a Hong Kong holding company can be found in section 4. of the chapter dealing with the country of source.
- (2) Resident companies are generally not subject to tax on foreign income even if remitted into Hong Kong, except where such income is deemed to have a Hong Kong source.
- (3) No net worth taxes are imposed on accumulated income of Hong Kong holding companies.
- (4) Dividends and interest paid to non-residents are not subject to withholding tax. See section 3.3.3. for withholding tax on patent royalty payments to non-resident companies.
- (5) Taxes imposed by the parent company's country can be found in section 2. of the chapter dealing with the country concerned.