

**Subcommittee on Specification of Arrangements (The Mainland of China)  
(Avoidance of Double Taxation and the Prevention of Fiscal Evasion with  
respect to Taxes on Income) (Fourth Protocol) Order**

**List of follow-up action arising from the discussion  
at the meeting on 20 October 2015**

**Caps on withholding tax imposed by the Mainland in respect of dividends and  
interest**

The Fourth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income ("the Mainland Arrangement") seeks to, amongst others, reduce the cap on the withholding tax imposed by the Mainland on Hong Kong residents in respect of royalties paid to aircraft and ship leasing business from 7% to 5%. In response to a member's enquiry that the existing caps specified by the Mainland Arrangement on the withholding tax imposed by the Mainland in respect of dividends and interest are higher than the reduced cap for royalties, the Administration is requested to provide supplementary information for members' reference of the caps in respect of dividends and interest under similar agreements signed by the Mainland with other tax jurisdictions for avoidance of double taxation.

Council Business Division 1  
Legislative Council Secretariat  
27 October 2015