

**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**

Follow-up to the meeting on 20 October 2015

At the meeting held on 20 October 2015, the Administration was requested to provide supplementary information on the caps in respect of dividends and interest under Comprehensive Avoidance of Double Taxation Agreements (“CDTAs”) signed by the Mainland with other tax jurisdictions. The requested information in respect of the CDTAs signed between the Mainland and some major economies is set out below for Members’ reference. The corresponding caps in the Arrangement between the Mainland and the Hong Kong Special Administrative Region are also provided in the table.

	Dividends		Interest (%)	Royalties (%)
	Individuals, companies (%)	Qualifying companies (%)		
Hong Kong	10	5 ¹	7	5/7 ²
Japan	10	10	10	10
Korea	10	5 ¹	10	10
Switzerland	10	5 ¹	10	9
United Kingdom	10	5/10/15 ³	10	10 ⁴
United States	10	10	10	10 ⁵

Financial Services and the Treasury Bureau
October 2015

¹ Generally, the rate applies with respect to participations of at least 25% of capital. The actual criteria are subject to the wording adopted in individual CDTAs.

² Upon the entry into force of the Fourth Protocol to the CDTA between the Mainland and Hong Kong, the rate of 5% shall apply to royalties paid to an aircraft and shipping leasing business and the rate of 7% shall continue to apply to all other cases.

³ The criteria for the application of these different rates are set out in the relevant agreement.

⁴ In the case of royalties from payments of any kind received as a consideration for the use of, or the right to use, industrial, commercial or scientific equipment, withholding tax is imposed on 60% of the gross amount of such royalties.

⁵ In the case of royalties from payments of any kind received as a consideration for the use of, or the right to use, industrial, commercial, or scientific equipment, withholding tax is imposed on 70% of the gross amount of such royalties.