Press release

Hong Kong, Qatar tax treaty signed (with photos)

Monday, May 13, 2013

The Secretary for Financial Services and the Treasury, Professor K C Chan, today (May 13) signed in Hong Kong an agreement with Qatar for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income on behalf of the Hong Kong Special Administrative Region Government. The Ambassador Extraordinary and Plenipotentiary of the State of Qatar to China, Mr Hamad Bin Mohammed AL-Khalifa, signed on behalf of his government.

This is the 29th comprehensive agreement for the avoidance of double taxation (CDTA) that Hong Kong has concluded with its trading partners, coming after those with Belgium, Thailand, the Mainland of China, Luxembourg, Vietnam, Brunei, the Netherlands, Indonesia, Hungary, Kuwait, Austria, the United Kingdom, Ireland, Liechtenstein, France, Japan, New Zealand, Portugal, Spain, the Czech Republic, Switzerland, Malta, Jersey, Malaysia, Mexico, Canada, Italy and Guernsey.

Welcoming the agreement, Professor Chan said that it sets out clearly the allocation of taxing rights between the two jurisdictions and thus will help investors better assess their potential tax liabilities from cross-border economic activities.

The agreement will bolster the economic and trade connections between the two places, and offer added incentives for companies in Qatar to do business or invest in Hong Kong, and vice versa, he added.

In the absence of a CDTA, income earned by Qatari residents in Hong Kong is subject to both Hong Kong and Qatari income tax. Under the agreement, tax paid in Hong Kong will be allowed as a credit against tax payable in Qatar. Furthermore, in the absence of a CDTA, the profits of Hong Kong companies doing business through a permanent establishment in Qatar may be taxed in both places if the income is Hong Kong sourced. Under the agreement, double taxation will be avoided in that any Qatari tax paid by the companies will be allowed as a credit against the tax payable in Hong Kong in respect of the income, subject to the provisions of the tax laws of Hong Kong.

Profits from international shipping transport earned by Hong Kong residents that arise in Qatar, which are currently subject to tax there, will not be taxed in Qatar under the agreement.

The Hong Kong/Qatar CDTA has incorporated an article on exchange of information.

The CDTA will come into force after the completion of ratification procedures on both sides. In the case of Hong Kong, an order is required to be made by the Chief Executive in Council under the Inland Revenue Ordinance. The order is subject to negative vetting by the Legislative Council.

Hong Kong will continue its efforts to expand its network of CDTAs with trading and investment partners.

Details of the Hong Kong/Qatar CDTA can be found on the Inland Revenue Department's website (www.ird.gov.hk/eng/pdf/Agreement_Qatar_HongKong.pdf).

Ends


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