

## Speech

### **Speech by SFST at signing ceremony of Comprehensive Agreement for the Avoidance of Double Taxation between Hong Kong and Austria (English only)**

Tuesday, May 25, 2010

Following is the speech by the Secretary for Financial Services and the Treasury, Professor K C Chan, at the signing ceremony of the Comprehensive Agreement for the Avoidance of Double Taxation (CDTA) between Hong Kong and Austria today (May 25):

Secretary Schieder, distinguished guests, ladies and gentlemen,

I would like to extend a warm welcome to you all for coming to this reception to witness the signing of our agreement with Austria on the avoidance of double taxation, and in particular to Secretary Schieder and his delegation.

Hong Kong and Austria have plenty of scope to develop a closer partnership. We are both gateways to the growing and prospering hinterlands of our respective regions; they are central and eastern Europe and the Mainland of China. And both of us have a great deal to offer for businesses that would like to capture the enormous opportunities and tap into these emerging regional markets.

The signing of the agreement today will provide added impetus for furthering the development of our bilateral relationship. The agreement clarifies the taxing rights between the two jurisdictions, eliminates instances of double taxation on the same source of income, and lowers withholding tax rates on passive income from dividends and royalties. For the businessmen and investors, the certainty and benefits arising from the agreement will encourage the two-way flow of talent and investment that will help reinforce the role of two places as business hubs and the premier locations for their operations.

Since the Financial Secretary announced our decision last year to accelerate our CDTA negotiations, we have been moving ahead with leaps and bounds. We obtained the consensus of the business sectors to amend our law to liberalise tax information exchange. We convinced lawmakers that this is the right way for Hong Kong to go. The new law came into effect just about two months ago and the agreement that we are about to sign is our sixth agreement that uses the prevailing international standard on exchange of information. This determination demonstrates Hong Kong's strong commitment to supporting international efforts on enhancing tax transparency. Nonetheless, our efforts do not stop here. We will continue to expand our CDTA network to enhance Hong Kong's competitiveness as an international business and financial centre.

Last but not least, Secretary Schieder, ladies and gentlemen, I wish to thank members of the two negotiating teams for their hard work in bringing the CDTA talks to a successful conclusion so that we can be here today to celebrate our success and accomplishments. In the years ahead, I look forward to more initiatives, both from government and the private sector, to foster closer bilateral ties between Hong Kong and Austria.

Thank you very much.

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