



Hong Kong and Malta sign double taxation agreement

On 8 November 2011, Hong Kong and Malta signed an agreement for the avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income. This is the 22nd comprehensive double taxation agreement (DTA) concluded by Hong Kong.

The DTA allocates taxing rights between Hong Kong and Malta and will provide investors with greater certainty on their tax liabilities from cross-border economic activities and boost closer economic and trade ties between Hong Kong and Malta.

The withholding tax on dividends, interest and royalties is as follows:

	Malta Non - treaty Rate	Treaty Rate
Dividends	15%	0
Interest	15%	0
Royalties	15%	3%

In the absence of a DTA, income earned in Hong Kong by a resident of Malta is subject to tax in both Hong Kong and Malta. Profits of a Malta company operating in Hong Kong through a branch are currently taxed in both Hong Kong and Malta. Under the DTA, Profits Tax paid in Hong Kong will be allowed as a credit against tax payable in Malta.

The DTA will have effect in Hong Kong, for any year of assessment beginning on or after 1 April in the calendar year, next following that in which the DTA enters into force.

In Malta, the DTA will have effect respect of taxes on income derived during any calendar year or accounting period, as the case may be, beginning on or after the first day of January immediately following the date on which the Agreement enters into force.

Malta, a member of the EU, is proving to be a popular investment holding jurisdiction for both investment flows from Asia to Europe and vice versa. With the signing of the DTA between Hong Kong and Malta, we believe that this should reinforce Malta's status as a potential jurisdiction for foreign direct investment into Europe and the surrounding region.

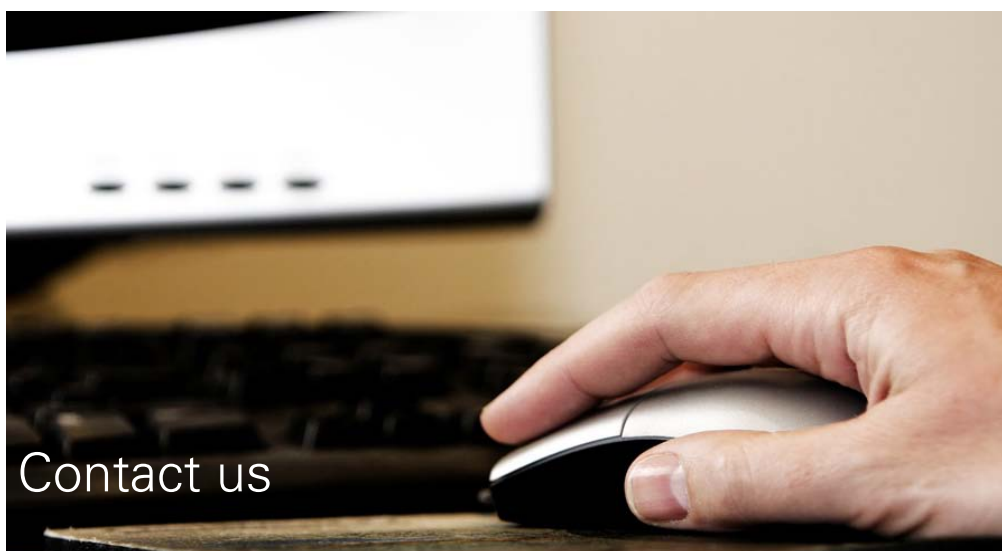
Details of the DTA can be found [here](#).

New Zealand DTA enters into force

The Hong Kong New Zealand DTA came into effect on 9 November 2011 and will have effect in Hong Kong, for any year of assessment beginning on or after 1 April 2012.

In New Zealand, the DTA will have effect (i) in respect of withholding tax on income, profits or gains, for amounts paid or credited on or after 1 April 2012; (ii) in respect of other New Zealand tax, for any income year beginning on or after 1 April 2012.

Background on the DTA can be found in [Tax alert Issue 29 – December 2010](#) and the terms of the DTA can be found [here](#).



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