



Hong Kong signs a comprehensive double taxation agreement with Mexico

Hong Kong signed a comprehensive double taxation agreement (DTA) with Mexico on 18 June 2012. The DTA, which will enter into force after the completion of ratification procedures by Hong Kong and Mexico, is the 25th DTA concluded by Hong Kong.

The DTA allocates taxing rights between Hong Kong and Mexico 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 Mexico. Under the Mexican DTA, the withholding tax on dividends, interest and royalties is as follows:

	Mexico Non-treaty Withholding Rate	Treaty Withholding Rate
Dividends	0	0
Interest	4.9%/21%/28%	0% ¹ /4.9% ² /10%
Royalties	25%/28%/40%	10%

1. Withholding tax on interest is reduced to nil where the beneficial owner of the interest is the Government of the Hong Kong Special Administrative Region (HKSAR), the Hong Kong Monetary Authority or a financial establishment appointed by the Government of the HKSAR and mutually agreed upon by the competent authorities of the two Contracting Parties.

2. Withholding tax on interest is reduced to 4.9 percent where the beneficial owner is a bank.

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

In Mexico, the DTA will have effect for any year of assessment beginning on or after 1 January in the calendar year following the year in which the DTA enters into force.

Details of the DTA can be found at:

www.ird.gov.hk/eng/pdf/Agreement_Mexico_HongKong.pdf



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