What's New
News Flash

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India signs Double Taxation Avoidance Agreement with Hong Kong

A press release dated 10 November 2017 was issued stating that the Union Cabinet has given its approval for entering into an Agreement between India and the Hong Kong Special Administrative Region of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on income.

Today, India and Hong Kong signed a Double Taxation Avoidance Agreement (DTAA) that seeks to improve transparency in tax matters and help curb tax evasion/avoidance. The key highlights of the DTAA are as under:

- Capital gain arising on sale of shares of an Indian company to be chargeable to tax in India
- Capital gain arising on sale of Indian securities (other than shares eg. derivatives, debt securities, etc.) to be chargeable to tax in India
- Interest income to be taxed at the rate of 10 per cent subject to satisfying beneficial ownership test
- Fees for technical services payable to a resident of Hong Kong to be taxed at the rate of 10 per cent subject to satisfying beneficial ownership test
- Article on Permanent Establishment (PE) includes amongst others service PE clause with a threshold of 183 days within a 12 month period
- Other income arising in India will be chargeable to tax in India
- Articles of the DTAA are aligned to the provisions of Multilateral Instrument to implement tax treaty related measures to prevent Base Erosion and Profit Shifting

The same will come into force once both countries notify in writing the completion of the procedures required by its respective laws.

Click here to access a copy of the DTAA which is available on the Hong Kong Inland Revenue Department's website

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With Best Regards
PwC TRS Team

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