

**Hong Kong and Saudi Arabia**  
**Comprehensive Avoidance of Double Taxation Agreement**

**Highlights**

Under the agreement:

- double taxation will be avoided in that any Saudi Arabian tax paid by Hong Kong companies will be allowed as a credit against the tax payable in Hong Kong on the same profits subject to the provisions of the tax laws of Hong Kong;
- Saudi Arabia's withholding tax rate for Hong Kong residents on royalties (currently at 15 percent) will be capped at 8 percent and a lower rate of 5 percent will apply if the royalties are for the use of, or the right to use industrial, commercial or scientific equipment;
- Hong Kong airlines operating flights to Saudi Arabia will be taxed at Hong Kong's corporation tax rate; and
- profits from international shipping transport earned by Hong Kong residents that arise in Saudi Arabia will be exempted from tax in Saudi Arabia.