

December 10, 2003

PRESS RELEASE

**Double Taxation Agreement between Belgium
and the Hong Kong Special Administrative Region**

Hong Kong, December 10, 2003.

The Finance Minister, Didier REYNDERS has signed today, Wednesday December 10, 2003, a new double Taxation Agreement between Belgium and the Hong Kong Special Administrative Region.

In order to stimulate the Belgian economy, the Finance Minister wishes to negotiate soon new agreements of this type, to reinforce the privileged position of Belgium, in the center of Europe, and to offer unique chances to foreign investors thanks to the dynamism, the high productivity and the excellent skills of their workers, and also thanks to an attractive fiscal system : avoid double taxation, ruling, headquarters, service centers and pan-European distribution.

According to the OECD model, these new agreement provides, among other things, that the tax at source on dividends must not exceed 5% of the gross amount of the dividends a subsidiary paid to a company which holds at least 10% of its capital. If a company holds directly at least 25% of this subsidiary, the dividends are exempted.

To support the business community, the agreement provides a tax at source on the royalties of 5 %, and of 10 % on the interests (including numerous exceptions). It thus terminates the difficult competitive position of certain Belgian companies, and creates a favorable climate for investments from Hong Kong towards Belgium.

To make Belgium soon attractive for the Hong Kong investors, the Finance Minister, Didier REYNDERS, insisted that the agreement would, concerning the tax at source, yet enter into force as early as on January 1, 2004, in Belgium.

As with the other agreements Belgium signed before, it will only enter into force after approbation of the Parliament, so everything will be put into action to complete this procedure as soon as possible in 2004.

A summary of the agreement and the full English text is attached. The text of the convention and its translations are also available on the site www.fiscus.fgov.be.

[press hong kong annex.doc](#)
[Agreement.doc](#)