

香港中央結算有限公司

(香港交易及結算所有限公司全資附屬公司)

Hong Kong Securities Clearing Company Limited*(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)*

通告 CIRCULAR

事項 Tax arrangements on dividends paid to Hong Kong residents by Mainland companies
Subject:

查詢 Hotline at 2979 7111 (for Clearing Participants) or 2979 7888 (for Investor Participants)
Enquiry:

The Hong Kong SAR Government issued a press release on 4 Jul 2011 in respect of the tax arrangements on dividends paid to Hong Kong residents by Mainland companies and the content of which is extracted below for information:

"The Financial Services and the Treasury Bureau today (July 4) said that the Hong Kong Special Administrative Region Government has received a reply from the State Administration of Taxation that clarified the arrangements concerning the tax payable to the Mainland for dividends paid by Mainland companies to individual investors in Hong Kong.

When non-foreign investment companies of the Mainland which are listed in Hong Kong distribute dividends to their shareholders, the individual shareholders in general will be subject to a withholding tax rate of 10% with reference to the arrangement for the avoidance of double taxation signed between Mainland China and Hong Kong. They do not have to make any applications for entitlement to the above-mentioned tax rate.

For shareholders who are residents of other countries and whose home countries have reached an agreement with China on an applicable withholding tax rate higher or lower than 10%, they have to follow the bilateral tax agreement in paying tax in connection with dividends paid by Mainland companies listed in Hong Kong."

CCASS Participants are requested to note that all shares held in their stock accounts maintained with HKSCC are registered under the name of HKSCC Nominees Limited which is treated as overseas non-resident enterprise shareholder of Mainland companies and will continue to be subject to the Enterprise Income Tax for Mainland companies at a tax rate of 10%. For the avoidance of doubt, the above clarification issued by the Hong Kong SAR Government will not affect the withholding tax arrangement on dividend distributions made to HKSCC Nominees Limited by Mainland companies.

For details of the Press Release issued by Hong Kong SAR Government, please refer to the following link:
<http://www.info.gov.hk/gia/general/201107/04/P201107040157.htm>

Should CCASS Participants have any doubt in relation to the tax arrangements, they are recommended to consult their tax advisors.

Derrick Fung
Head of Clearing Division

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