MALAYSIA AND HONG KONG SIGN TAX PACT

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PUTRAJAYA: Malaysia and Hong Kong have signed a deal to prevent the payment of double taxes by companies and individuals.

The Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income was signed at Putra Perdana yesterday.

Second Finance Minister Datuk Seri Ahmad Husni Hanadzlah signed for Malaysia while Hong Kong was represented by its Financial Secretary John C. Tsang. Prime Minister Datuk Seri Najib Tun Razak witnessed the signing of the agreement, which is commonly known as the Double Taxation Avoidance Agreement (DTAA).

The DTAA Malaysia-Hong Kong will come into force after the completion of ratification procedures on both sides.

"The objective is mainly to avoid double taxation by allocating the taxing rights between the two places, grant reduction in withholding taxes on a reciprocal basis and provide tax certainties in connection with cross-border activities," said the Finance Ministry in a statement.

The agreement will also allow tax authorities to exchange information on taxpayers to prevent evasion of income tax.

This was the 74th DTAA concluded by Malaysia with its trading partners, including two restricted agreements with the United States and Argentina.

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