**Hong Kong. The agreement on avoidance of double taxation with Latvia is signed.**

13 April, 2016 Hong Kong and Latvia signed an agreement on avoidance of double taxation.

The main advantage of the agreement is a clear allocation of taxation rights between two jurisdictions and it will help investors to evaluate their potential tax liabilities.

In the absence of an agreement profits of Hong Kong companies, which receive income in Hong Kong and carry out activities through a permanent establishment in Latvia, taxed in both countries. Similarly, revenues which were received by Latvian residents in Hong Kong, had taxed in Latvia. This situation will be resolved since the agreement between two countries entry into force.

In accordance with the signed agreement, the tax rate in Latvia for royalty will be 0% for companies while before it reaches to 23%, and in all other cases it will not exceed 3%. The tax rate on dividends will be reduced to 0% for companies and up to 10% in all other cases.

Hong Kong airlines operating flights to Latvia will be taxed at the rate of corporate tax in Hong Kong, and will not be taxed in Latvia.

In accordance with the realities of the modern world and the international standards, the agreement on avoidance of double taxation between Hong Kong and Latvia shall provide the procedure for the exchange of information for tax purposes.

The Agreement shall enter into force on the date of receipt of the last notification by each party after the completion of the procedures necessary for entry into force, under the domestic law of each country.