

# THE NEW TREATY BETWEEN CHINA AND THE NETHERLANDS

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# IMPORTANT CHANGES:

DIVIDEND TAX ON GROUP DIVIDENDS  
REDUCED TO 5%

ANTI-ABUSE PROVISION FOR DIVIDENDS,  
INTEREST AND ROYALTIES

DOMESTIC ANTI-ABUSE RULES CAN BE  
APPLIED

TREATY COVERS SALE OF REAL ESTATE ENTITIES

TREATY DOES NOT APPLY TO HONG KONG

TREATY DOES APPLY TO FORMER ANTILLES ISLANDS OF SABA, ST. EUSTACIUS AND BONNAIRE, BUT NOT ARUBA, CURACAO AND ST. MAARTEN

# RESIDENCE

- NATIONALITY NOT RELEVANT FOR INDIVIDUALS
- STILL TIEBREAKER FOR COMPANIES

# PERMANENT ESTABLISHMENT

- PERMANENT ESTABLISHMENT FOR ACTIVITIES LASTING MORE THAN 183 DAYS WITHIN ANY 12 MONTHS PERIOD
- CONSTRUCTION SITE – 12 MONTHS, INCLUDES SUPERVISION
- INDEPENDENT AGENT LIMITATION

# DIVIDENDS

NORMAL DIVIDEND TAX RATE 10% (NO CHANGE)

FOR HOLDINGS OVER 25% RATE IS 5%  
(THIS IS THE LOWEST RATE ON PRIVATE SHAREHOLDINGS AGREED WITH CHINA)

ZERO WITHHOLDING FOR DIVIDENDS PAID TO THE OTHER STATE

DIVIDEND RATE DOES NOT APPLY  
WHERE MAIN PURPOSE OR ONE OF THE  
MAIN PURPOSES IS TO MAKE USE OF THE  
DIVIDEND ARTICLE

INTEREST: MAXIMUM WITHHOLDING  
10%

ROYALTIES: MAXIMUM WITHHOLDING  
10%

USE OF EQUIPMENT/LEASING: MAXIMUM  
EFFECTIVE WITHHOLDING 6%



# CAPITAL GAINS

GAIN ON REAL ESTATE CO WITH MORE THAN 50% REAL ESTATE IN OTHER COUNTRY CAN BE TAXED THERE.

MORE THAN 25% SHAREHOLDING IN LAST 12 MONTHS: GAIN CAN BE TAXED

# DIRECTORS

INCLUDES ANY PERSON CHARGED WITH  
GENERAL MANAGEMENT OF COMPANY

INFORMATION EXCHANGE EXTENDED  
AND CANNOT BE REFUSED JUST  
BECAUSE IT IS NOT REQUIRED FOR TAX  
PURPOSES IN THE STATE WHICH HAS  
BEEN REQUESTED

- MUTUAL AGREEMENT DOES NOT REQUIRE ACTUAL AGREEMENT TO BE REACHED
- DIFFERENCE IN QUALIFICATION CAN LEAD TO EFFECTIVE CHANGE BY MUTUAL AGREEMENT

ASSISTANCE WITH TAX COLLECTION  
POSSIBLE

PROBABLY EFFECTIVE FROM 1 JANUARY  
2015