

## **Press Release**

### **Consultation on Automatic Exchange of Financial Account Information in Tax Matters in HK launched**

Friday, April 24, 2015

The Government today (April 24) launched a consultation exercise to gauge views on proposals to apply, with adaptations for Hong Kong, the prevailing international standards on the automatic exchange of financial account information in tax matters (AEOI).

On the basis of the Organisation for Economic Cooperation and Development (OECD) standard promulgated in July 2014, the Government has drawn up proposals to apply the AEOI requirements to Hong Kong through legislation. These proposals relate to the definitions of Financial Institutions (FIs), the types of information FIs have to secure from account holders, the due diligence and reporting requirements FIs have to follow, the powers of the Inland Revenue Department (IRD) to collect relevant information from FIs and forward such information to designated bilateral AEOI partners, the sanctions for non-compliance and confidentiality provisions.

"Hong Kong will adopt a pragmatic approach to legislate for all essential requirements of the OECD standard on AEOI, and will ensure effective implementation of the new standard," said Professor K C Chan, the Secretary for Financial Services and the Treasury.

"We have been engaging stakeholders in the financial industry in recent months to gauge their initial views on how AEOI should be implemented in Hong Kong. We attach great importance to industry and user feedback so that we can put in place in a timely and effective manner the legislative and operational framework for AEOI in Hong Kong.

"Our current target is to introduce an amendment bill into the Legislative Council in early 2016 so we are working under an extremely tight timetable," Professor Chan said.

In September 2014, Hong Kong indicated to the OECD its support for implementing the new standard on AEOI, with a view to commencing the first information exchanges by the end of 2018. The commitment was premised on

the condition that Hong Kong could put in place the necessary domestic legislation by 2017.

Under the OECD standard, FIs include banks, custodians, insurance companies, brokers and investment entities (such as certain collective investment vehicles), unless they present a low risk of being used for evading tax and are excluded from reporting. FIs are required to identify and keep information of their non-Hong Kong tax resident account holders in accordance with the due diligence procedures prescribed in the OECD standard and report the relevant information of reportable accounts to IRD in prescribed format. For account holders who are tax residents of our AEOI partners, the IRD will pass the relevant information to the AEOI partners concerned on an annual basis.

"Our plan is to conduct AEOI on a bilateral basis with jurisdictions with which Hong Kong has signed a comprehensive avoidance of double taxation agreement (CDTA) or a Tax Information Exchange Agreement (TIEA). In identifying AEOI partners from amongst our CDTA or TIEA partners, we will take into account their capability in meeting the OECD standard and in protecting data privacy and confidentiality of the information exchanged in their domestic law," Professor Chan said.

The consultation paper is available on the website of the Financial Services and the Treasury Bureau ([www.fstb.gov.hk/tb/en/consultation-paper.htm](http://www.fstb.gov.hk/tb/en/consultation-paper.htm)). Members of the public and the trade are welcome to send their views to the Revenue Division, the Treasury Branch, Financial Services and the Treasury Bureau by post (24/F, Central Government Offices, 2 Tim Mei Avenue, Tamar, Hong Kong), fax (2179 5848) or email ([aeoi@fstb.gov.hk](mailto:aeoi@fstb.gov.hk)). The two-month consultation will end on June 30, 2015.

Ends