

Press Release

Hong Kong to join inclusive framework for implementation of package against base erosion and profit shifting

Monday, June 20, 2016

The Government indicated today (June 20) to the Organisation for Economic Co-operation and Development (OECD) that Hong Kong accepts the OECD's invitation to join, in the name of "Hong Kong, China", as an Associate in the inclusive framework for implementation of the package of measures against base erosion and profit shifting (BEPS).

"As an Associate, Hong Kong will become a Member of the BEPS Project and work on an equal footing with the OECD, the Group of Twenty (G20) and many other countries and jurisdictions to implement the BEPS Package and to develop standards," said Professor K C Chan, the Secretary for Financial Services and the Treasury.

In November 2015, the G20 endorsed a package of measures proposed by the OECD to tackle BEPS. The BEPS Package covers 15 areas, and seeks to ensure that multinational corporations pay a fair share of taxes in respect of their profits, and to plug the loophole of "double non-taxation" among jurisdictions.

In becoming an Associate to the BEPS Project, Hong Kong has committed to the comprehensive BEPS Package, including its four minimum standards (i.e. in the areas of harmful tax practices, tax treaty abuse, country-by-country reporting requirements and improvements in cross-border tax dispute resolution), and to its consistent implementation.

"Noting that the timing of implementation may vary to reflect the level of development of countries and jurisdictions, Hong Kong's commitment to implement the BEPS package is subject to timely passage of the necessary legislative amendments. In coming up with the timelines for implementation, we will take into account relevant factors such as the characteristics of the domestic tax regime, the envisaged magnitude of legislative changes involved and the practical need to prioritise amongst the BEPS measures," Professor Chan said.

"The Government is conducting analysis on the BEPS Package, with a view to mapping out our work priorities. We will consult the industry on the strategy for implementing the relevant proposals at an appropriate juncture and prepare for taking forward the necessary legislative amendments," Professor Chan added.

As a responsible member of the international community, Hong Kong has all along been supportive of international efforts to promote tax transparency and combat tax evasion. The Government is working full steam ahead to put in place the mechanism for automatic exchange of financial account information in tax matters, in order to meet our pledge to commence the first information exchanges by the end of 2018. It is crucial for Hong Kong to commit to the BEPS Package in order to maintain our reputation and fulfil our obligations as an international financial and business centre.

The Commissioner of Inland Revenue will represent Hong Kong and attend the inaugural meeting of the inclusive framework, which will take place in Kyoto, Japan, from June 30 to July 1, 2016.

Ends