

Transcript of remarks by SFST

Monday, March 22, 2010

Following is the transcript of remarks (English portion) by the Secretary for Financial Services and the Treasury, Professor K C Chan, at a media session after signing a comprehensive agreement for avoidance of double taxation (CDTA) between the Hong Kong Special Administrative Region and the Kingdom of the Netherlands today (March 22):

Reporter: How many of this type of agreements do you plan to conclude in the next six months? And do you believe that the incorporation of the new information exchange standards is going to be enough to satisfy the international community that Hong Kong is a co-operative jurisdiction?

Secretary for Financial Services and the Treasury: We are expecting to make good progress on those treaty negotiations. We are in a process of talking to a great number of jurisdictions. I think the number is some 15 or more. Of course, we are making good progress. Since the legislation was passed this month (in March) allowing us to adopt the Organisation for Economic Co-operation and Development(OECD) new exchange information standard, we are making very good progress. We are definitely hoping to see such progress will be made.

Reporter: Why Hong Kong has chosen the Netherlands as the first country to sign this treaty? Secondly, how important is for you, also that this treaty to show to some people the message that Hong Kong is a tax haven is wrong?

Secretary for Financial Services and the Treasury: It is very simple. The Netherlands and Hong Kong share a lot in common. We are both very vibrant economies. We are also the gateway to our respective hinterland. You in Europe and we in Asia and China. We see a lot in common. We have a lot of common values. So it is a great pleasure and privilege for us to conclude the CDTA, having the Netherlands being the first OECD member state to be our partner. We are very delighted about that. The fact that we commenced the legislation earlier this month adopting the OECD new exchange information standard proves that Hong Kong has always been compliant with the tax legislation and obligations under the international tax treaties. So it proves again Hong Kong is not a tax haven. We are a good and vibrant economy and we hope that with this kind of treaty network, we will see more such partnership will be made in the future.

Reporter: Have you been making efforts towards a tax treaty with the United States? What benefits do you think that such agreement will have?

Secretary for Financial Services and the Treasury: I have to tell you that how this negotiation is done, I don't think it is my position to comment on which country we are talking to and in what stage of our progress. When we have good news, we will definitely let the public know.

(Please also refer to the Chinese portion of the transcript.)

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