

Press Release

Hong Kong passes Phase 2 peer review by Global Forum on Transparency and Exchange of Information for Tax Purposes

Friday, November 22, 2013

The Secretary for Financial Services and the Treasury, Professor K C Chan, welcomed today (November 22) the adoption of Hong Kong's Phase 2 peer review report by the Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum), signifying the successful completion of the Phase 2 review.

As one of the member jurisdictions, Hong Kong underwent a two-phase peer review by the Global Forum. The review aims at evaluating jurisdictions' compliance with the international standard on exchange of information (EoI). Hong Kong's Phase 1 review was completed in October 2011.

"We are very pleased to note that both Phase 1 and Phase 2 reviews have duly recognised Hong Kong's commitment to meeting the international standard on tax transparency," Professor Chan said.

"Hong Kong has in place an adequate legal and regulatory framework to facilitate effective EoI," he said. "Our treaty partners also consider Hong Kong an efficient and co-operative partner. They are satisfied with both the timeliness and quality of Hong Kong's responses to their EoI requests."

Hong Kong has all along been supportive of international efforts to enhance tax transparency and combat tax evasion. After the Phase 1 peer review, Hong Kong actively followed up on the Global Forum's recommendations, especially in putting in place a legal framework for tax information exchange agreements (TIEAs). The legislation which enables Hong Kong to enter into stand-alone TIEAs was passed by the Legislative Council in July 2013.

Professor Chan added, "Our priority remains to expand our network of comprehensive agreements for the avoidance of double taxation (CDTAs) with other jurisdictions. We have so far signed 29 CDTAs, out of which 11 are with our major trading partners.

"Meanwhile, we will also engage in negotiations on TIEA with those jurisdictions that have requested to enter into TIEA with Hong Kong for exchange of information in accordance with international standards."

Having regard to the latest international developments on tax transparency, the Government will review the EoI arrangement in Hong Kong in the light of experience gained by way of two available EoI instruments, namely CDTAs and TIEAs. In view of the emerging mode of international EoI standards, the Government will continue to engage local stakeholders and address relevant policy and legal issues involved, with a view to developing a sustainable model of EoI for Hong Kong.

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