

Press Release

Allegation of Hong Kong as non-cooperative tax jurisdiction totally unfounded

Thursday, June 18, 2015

The Hong Kong Special Administrative Region Government today (June 18) expressed regret over the inclusion of Hong Kong in the list of non-cooperative tax jurisdictions published by the European Commission.

"Hong Kong has all along been supportive of international efforts to enhance tax transparency and combat tax evasion. We strongly disagree with any allegation that Hong Kong is a 'non-cooperative tax jurisdiction', which is totally unfounded," a Government spokesman said.

Hong Kong is one of the members of the Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum), and underwent a two-phase peer review by the Global Forum. Both Phase 1 and Phase 2 reviews (completed in 2011 and 2013 respectively) have duly recognised Hong Kong's commitment to meeting the international standard on tax transparency.

"Hong Kong accords priority to expanding its network of Comprehensive Avoidance of Double Taxation Agreements (CDTAs), which provide relief for double taxation, and enters into standalone Tax Information Exchange Agreements (TIEAs) with jurisdictions if necessary. All CDTAs and TIEAs signed by Hong Kong have embedded an article on Exchange of Information (EoI) which meets international standard," the spokesman added.

Up to now, Hong Kong has signed 32 CDTAs and seven TIEAs. Amongst the 28 European Union Member States, Hong Kong has already signed 13 CDTAs and two TIEAs. Negotiations on CDTA and TIEA are also under way with five other Member States of the European Union.

"We are puzzled and very disappointed to note that the European Commission has regarded Hong Kong as non-tax cooperative. A couple of the Members States which have featured Hong Kong on their 'blacklists' had actually signed or are negotiating CDTAs/TIEAs with us. Hong Kong has been denied any opportunity to comment on or clarify our position before European

Commission's proposed blacklisting. The listing was unilateral and procedurally unfair. We strongly urge the European Commission to review with Member States their lists of non-cooperative tax jurisdictions in order to reflect the latest development of Hong Kong's tax co-operation with those jurisdictions," the spokesman said.

In the light of the rapidly evolving international landscape on tax co-operation, Hong Kong indicated to the Organisation for Economic Co-operation and Development (OECD) in September 2014 its support for implementing the new standard on Automatic Exchange of Financial Account Information in Tax Matters (AEOI). Our commitment to implement AEOI was covered in the European Commission's Annual Report on Hong Kong released in April 2015. It was also amongst the topics discussed at the annual European Union-Hong Kong structured dialogue meeting held in Brussels in November 2014.

The Government is currently conducting a consultation exercise to gauge views on proposals to apply with adaptation for Hong Kong the OECD standard on AEOI and plans to introduce an amendment bill into the Legislative Council in 2016, before commencing the first exchange by the end of 2018.

"As an international financial centre and responsible member of the international community, Hong Kong is strongly committed to enhancing tax transparency and combating cross-border tax evasion. We seriously refute any allegation of Hong Kong as a tax haven. We would continue dialogue with the European Union and its Member States so that they are kept abreast of our commitments and efforts on tax co-operation," the spokesman said.

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