

Press Release

Inland Revenue (Amendment) (No. 2) Ordinance 2017 gazetted

Friday, June 16, 2017

The Inland Revenue (Amendment) (No. 2) Ordinance 2017 (Amendment Ordinance) was gazetted today (June 16), and will come into effect on July 1, 2017.

"The Amendment Ordinance enables Hong Kong to implement automatic exchange of financial account information in tax matters (AEOI) more effectively," a Government spokesman said.

Being an international financial centre and a responsible member of the international community, Hong Kong has been committed to enhancing tax transparency and combatting cross-border tax evasion. Hong Kong has been making preparations for the implementation of the common reporting standard for AEOI as promulgated by the Organisation for Economic Cooperation and Development (OECD). At the same time, both the OECD and the European Union (EU) have been closely monitoring jurisdictions' progress in the implementation of AEOI.

"We must expedite the expansion of the AEOI network in view of the recent international developments. The Amendment Ordinance can ensure that Hong Kong can preserve the financial account information from the second half of 2017 for exchanging with other jurisdictions. This enables the effective implementation of AEOI without introducing an undue compliance burden to financial institutions," the Government spokesman added.

To implement AEOI, from July 1, 2017, the list of "reportable jurisdictions" under the Inland Revenue Ordinance will be expanded to cover 75 jurisdictions, comprising 13 confirmed AEOI partners and 62 prospective AEOI partners. The 62 prospective AEOI partners include the following three categories:

- (a) jurisdictions which have expressed an interest in conducting AEOI with Hong Kong to the OECD or jurisdictions suggested by the OECD;
- (b) Hong Kong's tax treaty partners which have committed to AEOI; and

(c) all member states of the EU.

"The Amendment Ordinance does not alter the privacy and data protection requirements on AEOI under the Inland Revenue Ordinance. Hong Kong would only conduct AEOI with jurisdictions which have signed dedicated exchange agreements with us and have fulfilled the OECD's standard and relevant safeguards for protecting data privacy and confidentiality of the information exchanged. For a member of the public, if he is not a tax resident of any jurisdictions outside Hong Kong, financial institutions in Hong Kong will not report his information to the Inland Revenue Department (IRD) under this regime," the Government spokesman said.

In view of the Amendment Ordinance, the Government will launch a new round of publicity, including updated TV and radio Announcements in the Public Interest, posters and pamphlets to inform the public of the key changes. The guidelines for financial institutions will also be revised. The public can obtain more relevant information via the IRD's webpage (www.ird.gov.hk/eng/tax/dta_aeoi.htm).

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