

Press Release

Gazettal of Inland Revenue (Amendment) (No. 6) Bill 2017

Wednesday, December 27, 2017

The Inland Revenue (Amendment) (No. 6) Bill 2017 (Amendment Bill) will be gazetted this Friday (December 29). The main objectives of the Amendment Bill are to codify the transfer pricing principles into the Inland Revenue Ordinance (Cap. 112) (IRO) and implement the minimum standards of the Base Erosion and Profit Shifting (BEPS) package promulgated by the Organisation for Economic Co-operation and Development (OECD).

The BEPS package seeks to counter the exploitation of gaps and mismatches in tax rules by multinational enterprises to artificially shift profits to low or no-tax locations where there is little or no economic activity. In June 2016, Hong Kong indicated its commitment to implementing the BEPS package.

"Implementing the BEPS package will demonstrate Hong Kong's commitment to combating cross-border tax evasion. This is particularly crucial for Hong Kong to preserve our competitiveness and reputation as an international financial and business centre," a government spokesman said.

"We will ensure that the international tax standards are met whilst upholding our simple and low tax regime. We will also seek to minimise the compliance burden on businesses, particularly small and medium enterprises, and implement the changes in a progressive manner. Our consultation exercise conducted in late 2016 revealed broad support for this implementation strategy," the spokesman added.

The Amendment Bill also includes amendments to the IRO to ensure that certain tax regimes are consistent with the latest requirements of the OECD and the European Union on fair taxation.

The Amendment Bill will be introduced into the Legislative Council on January 10, 2018.

Ends