



香港地產發展商會

THE REAL ESTATE DEVELOPERS ASSOCIATION OF HONG KONG

香港中環德輔道中十九號環球大廈1403室
Room 1403, World-Wide House, 19 Des Voeux Road Central, Hong Kong.
Tel: 2826 0111 Fax: 2845 2521

18 September 2009

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Clerk to Bills Committee
Bills Committee on Inland Revenue (Amendment) (No. 3) Bill 2009
c/o Legislative Council Secretariat
8 Jackson Road
Central
Hong Kong
Attention: Ms. Amy Lee

Dear Ms. Lee

Bills Committee on Inland Revenue (Amendment) (No. 3) Bill 2009

We thank you for your letter of 20 July and as requested, would like to provide our comments (as per attached note) for the Committee's consideration.

Please note that we shall not be attending the meeting on 8 October.

Yours sincerely

Louis Loong
Secretary General



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The Real Estate Developers Association of Hong Kong Comments on the Inland Revenue (Amendment) (No. 3) Bill 2009

1. It is generally accepted that Hong Kong should enter into as many CDTA's as possible. One obvious advantage is that it will attract outbound investments from the PRC to use Hong Kong companies as holding vehicles.
2. However, Hong Kong is hampered by its inability to adopt the OECD 2004 version of the Exchange of Information article. This inability can only be removed by enlarging the IRD's power of collecting information.
3. In our view, the Amendment Bill is a move in the right direction but care must be exercised to safeguard the privacy and confidentiality of the information so exchanged.
4. In particular, there are a number of questions required to be answered by the Administration:
 - (a) How can it be ensured that the treaty country would treat the information provided as secret information and not share it with any third party?
 - (b) Would the party whose information was exchanged be notified of such exchange of information?
 - (c) If the answer to (b) is affirmative, would that party be given an opportunity to object before the exchange takes place?
 - (d) If the answers to (b) and (c) are affirmative, how does the Amendment Bill ensure that such protective measures will be put in place?

Subject to the answers to (4) above, we are generally supportive of the Amendment Bill.

The Real Estate Developers Association of Hong Kong
September 2009