



Hong Kong Investment Funds Association

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April 12, 2013

Hon. Starry Lee Wai-king, JP
Chairman, Panel on Financial Affairs
Legislative Council
Room 602, Legislative Council Complex,
1 Legislative Council Road, Central, Hong Kong

Dear Ms. Lee,

Re: Putting in place a legal framework for Tax Information Exchange Agreements
("TIEA") – "Inland Revenue (Amendment) Bill 2013"

On behalf of the Hong Kong Investment Funds Association, I would like to lend full support to the Gazette proposals to enhance the exchange of information arrangements ("EoI") under the framework of comprehensive avoidance of double taxation agreements ("CDTA") and to put in place a legal framework to enter into TIEAs with other jurisdictions.

We believe that what are being proposed are something basic, but crucial. To maintain Hong Kong's vibrancy and competitiveness as an international financial centre and to avoid being subject to negative measures for inaction, it is imperative that we pass the Phase 2 peer review. And the latter hinges on the availability of a legal framework for TIEAs. In addition, to continue the efforts in negotiating CDTAs, Hong Kong has to enhance the EoI arrangement under CDTA so as to catch up with the prevailing international standards and to meet international obligations in terms of enhancing tax transparency and combating tax evasion.

Also, we note that privacy is dear to the heart of the general public and the Government has indeed fully factored this in when it crafts the proposals – what have been proposed are the minimum necessary, and the Government has introduced the necessary safeguards to protect taxpayers' privacy and the confidentiality of information exchanged.

In a nutshell, we believe that the proposals have struck an appropriate balance. As these proposals are time sensitive, we would exhort Legco to pass them in the earliest instance.

If you have any queries or wish to discuss this further, please don't hesitate to contact me or Sally Wong, CEO on 2537-9912.

Yours sincerely,

Lieven Debruyne
Chairman

c.c. Prof K.C. Chan, FSTB