

**Subcommittee on Two Orders Made under Section 49(1A) of the
Inland Revenue Ordinance and Gazetted on 4 October 2019**

**List of follow-up actions arising from the discussion
at the meeting on 25 October 2019**

Government's Response

At the meeting on 25 October 2019, the Subcommittee requested the Government to –

- (a) consult the Joint Liaison Committee on Taxation (“JLCT”) and relevant stakeholders, including the American Chamber of Commerce in Hong Kong (“AmCham”), on the comprehensive avoidance of double taxation agreement (“CDTA”) between Hong Kong and Cambodia (“Cambodia CDTA”), in particular whether any provisions in the Cambodia CDTA will contravene the United States’ Cambodia Democracy Act of 2019 (“US Act”), and report the views received to the Subcommittee; and
 - (b) provide, if any, information or comments of the business and professional sectors, such as the “Big Four” accounting firms, on the Cambodia CDTA.
2. The Government’s response is as follows –
- (a) The business community and professional bodies have all along supported our policy to conclude more CDTAs with the trading and investment partners of Hong Kong so as to minimise double taxation and to facilitate cross-border businesses. Hong Kong Trade Development Council, Hong Kong General Chamber of Commerce, Federation of Hong Kong Industries, Hong Kong Small and Medium Enterprises Association, Hong Kong Institute of Certified Public Accountants, Taxation Institute of Hong Kong and Hong Kong Association of Banks, had in particular asked the Government to conclude a CDTA with Cambodia in our previous engagements with them.

At the request of the Subcommittee, we drew the attention of JLCT and AmCham on the Cambodia CDTA and the US Act on 25 October 2019. So far, no comments have been received; and

(b) Two “Big Four” accounting firms issued tax updates after the signing of the Cambodia CDTA, highlighting the key provisions thereof –

(i) Deloitte Touche Tohmatsu –

<https://www2.deloitte.com/content/dam/Deloitte/cn/Documents/tax/hk-tax-news/deloitte-cn-tax-hktn-issue96-en-190628.pdf>

(ii) Ernst & Young –

[https://www.ey.com/Publication/vwLUAssets/Hong_Kong_and_Cambodia_sign_income_tax_treaty/\\$FILE/2019G_003373-19Gbl_Hong_Kong_and_Cambodia_sign_income_tax_treaty.pdf](https://www.ey.com/Publication/vwLUAssets/Hong_Kong_and_Cambodia_sign_income_tax_treaty/$FILE/2019G_003373-19Gbl_Hong_Kong_and_Cambodia_sign_income_tax_treaty.pdf)

**Financial Services and the Treasury Bureau
Inland Revenue Department
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