

財經事務及庫務局

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FINANCIAL SERVICES AND THE  
TREASURY BUREAU

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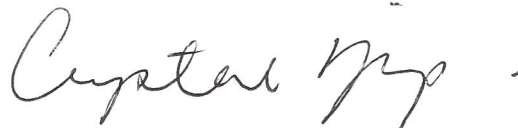
Ms Clara Tam  
Assistant Legal Advisor  
Legal Service Division  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Ms Tam,

**Inland Revenue (Amendment) Bill 2016**

Thank you for your letter of 22 April 2016 on the captioned Bill. The response from the Financial Services and the Treasury Bureau is set out in the attached note.

Yours sincerely,



( Miss Crystal Yip )

for Secretary for Financial Services and the Treasury

c.c.

Commissioner of Inland Revenue (Attn.: Mr K K Chiu) (Fax: 2877 1082)  
Department of Justice (Attn.: Mr Alan Chong) (Fax: 3918 4613)  
(Attn.: Ms Phyllis Poon) (Fax: 3918 4613)

## **Inland Revenue (Amendment) Bill 2016**

### **Administration's Response**

#### **New section 80(2E) in the Bill**

The new section 80(2E) in the Bill is applicable to a “self-certification that is required to be collected under Schedule 17D by a reporting financial institution” as made by account holders. Schedule 17D sets out the due diligence requirements, as laid down in the Common Reporting Standard, which a reporting financial institution has to establish, maintain and apply in respect of accounts of different categories. These cover the circumstances under which a financial institution must or may take appropriate procedures, including that of obtaining self-certifications from account holders, to identify whether a financial account is a reportable account. For example, in respect of pre-existing accounts, such provisions include sections 3(6)(b) and 4(7)(c) of Part 3 (regarding pre-existing individual accounts) and section 7 of Part 5 (regarding pre-existing entity accounts) of Schedule 17D. If a financial institution applies the due diligence requirements for new accounts to pre-existing accounts or the due diligence requirements for high value accounts to low value accounts, section 80(2E) would also apply to self-certifications made by account holders as required by the financial institution in accordance with such due diligence requirements as set out in Schedule 17D. We consider that the current wording of the provision has reflected the policy intent.

#### **Part 2 of the new Schedule 17C**

2. For the scope of “non-reporting financial institutions” set out in the new Schedule 17C of the Bill, we need to follow, same as other tax jurisdictions do, the wording in the Common Reporting Standard when providing for the relevant exemption in the law. For Part 2 of the new Schedule 18C, its section 5(b) involves “personal services rendered [by persons who are not current or former employees]” and the formulation of “in consideration of” is adopted, whereas sections 6(a) and 7(a) involve “services rendered by current or former employees” and the formulation of “in consideration for” is adopted. Despite the slight difference in the English formulations used, the Chinese version is “提供代價的服務” for both, which reflects the meaning of the relevant English formulations.

**Financial Services and the Treasury Bureau**  
**April 2016**