

Bills Committee on Inland Revenue (Amendment) (No. 3) Bill 2017

Draft Committee Stage Amendments proposed by the Government

Purpose

At the meeting of 25 April 2017, the Government indicated that in view of some latest developments, it would propose to introduce Committee Stage Amendments (“CSAs”) to Part 1 of Schedule 17E on reportable jurisdictions under the Inland Revenue (Amendment) (No. 3) Bill 2017. This paper invites Members to consider the draft CSAs.

Committee Stage Amendments

2. The Organisation for Economic Co-operation and Development has recently suggested that Hong Kong should consider including Turkey, being a Group of Twenty Member, as our partner in respect of automatic exchange of financial account information in tax matters (“AEOI”). Whereas Turkey has not previously indicated interest in seeking AEOI exchanges with Hong Kong, we have no objection to including Turkey to the list. We therefore propose that “Republic of Turkey”, being a prospective AEOI partner of Hong Kong, should be added as a reportable jurisdiction with reporting year “2018” (i.e. with the data collection obligation in respect of Republic of Turkey starting from the second half of 2017) under Part 1 of Schedule 17E. After the proposed addition of Turkey, all members of Group of Twenty participating in AEOI will be on the list of reportable jurisdictions of Hong Kong.

3. Separately, Korea, a confirmed AEOI partner, has recently indicated that it only wishes to exchange information with Hong Kong under AEOI starting from 2019 instead of 2018 (i.e. for the first reporting relating to Korea, financial institutions would be asked to furnish the information in 2019 in respect of the information in 2018). We therefore propose that the reporting year in respect of “Republic of Korea” under Part 1 of Schedule 17E be amended from “2018” to “2019”.

4. The draft CSAs to Schedule 17E are at **Annex**.

Advice Sought

5. Members are invited to note and comment on the draft CSAs.

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Committee Stage

Amendments to be moved by
the Secretary for Financial Services and the Treasury

<u>Clause</u>	<u>Amendment Proposed</u>
4	In the proposed entry relating to “Korea, Republic of”, by deleting “2018” and substituting “2019”.
4	By adding in alphabetical order to the proposed entries— “Turkey, Republic of 2018”.