

**Legislative Council Panel on Financial Affairs**

**Government's Response to Follow-up Actions  
Arising from Discussion of Agenda Item II –  
Automatic Exchange of Financial Account Information in Tax Matters  
at the meeting on 17 March 2020**

At the meeting of the Panel on Financial Affairs on 17 March 2020, the Government was requested to provide the breakdown by types of reporting financial institutions (“FIs”) furnishing Financial Account Information Returns to the Inland Revenue Department (“IRD”) in respect of the first and second rounds of automatic exchange of financial account information in tax matters (“AEOI”) conducted by Hong Kong in 2018 and 2019 respectively. The Government’s response is as follows.

Government’s response

2. Under the Inland Revenue Ordinance (Cap. 112), four types of entities are regarded as FIs for the purpose of AEOI –

- (a) a custodial institution, e.g. an entity that holds financial assets for the account of another individual or entity;
- (b) a depository institution, e.g. an entity that accepts deposits in the ordinary course of a banking business or similar business;
- (c) an investment entity, e.g. an entity that conducts dealing in securities, trading in futures contracts, or asset management; and
- (d) a specified insurance company, e.g. an insurance company that issues, or is obliged to make payments with respect to, a cash value insurance contract or an annuity contract.

3. The breakdown by types of FIs furnishing returns to the IRD in respect of the two rounds of AEOI conducted in 2018 and 2019 is as follows –

<b>Types of FIs</b>	<b>AEOI conducted in 2018</b>	<b>AEOI conducted in 2019</b>
Custodial institution	109	120
Depository institution	94	97
Investment entity	654	718
Specified insurance company	39	42
FIs which fit the definition of more than one category above	147	155
<b>Total</b>	<b>1 043</b>	<b>1 132</b>

**Financial Services and the Treasury Bureau  
Inland Revenue Department  
March 2020**