

Clarification on tax system and improving electoral system

In response to media enquiries on an article by the Financial Times today (March 22) carrying an interview with the Chief Secretary for Administration, a Government spokesman reiterated that with a low and simple tax regime, Hong Kong maintained a high level of transparency in taxation policy and would continue to do so.

The spokesman stressed, "Hong Kong's economic success has been built on a thriving market economy and a small government underpinned by a simple, transparent and low tax regime. Businesses and individuals in Hong Kong enjoy one of the most competitive tax systems in the world."

"On the other hand, Hong Kong has always been a staunch supporter of international efforts to enhance tax transparency and combat tax evasion and money laundering."

"Since 2018 we have implemented the Organisation for Economic Co-operation and Development ("OECD")'s minimum standards against Base Erosion and Profit Shifting ("BEPS"), and conducted Automatic Exchange of Financial Account Information in Tax Matters ("AEOI") with the relevant jurisdictions," the spokesman said.

"These efforts underline the importance we attach to Hong Kong's commitments as an international financial centre. Hong Kong will continue to make sustained efforts to comply with new international tax requirements according to the international consensus, including the implementation of the global minimum tax proposal to be promulgated by the OECD to address the tax challenges arising from digitalisation of economy."

On the National People's Congress' decision on improving the electoral system of the Hong Kong Special Administrative Region (HKSAR), the spokesman reiterated that the HKSAR Government will fully and resolutely implement "One Country, Two Systems", administer Hong Kong according to the rule of law, safeguard the HKSAR's constitutional order as defined under the Constitution and the Basic Law, safeguard the Country's sovereignty, security and development interests, and ensure the overall stability of Hong Kong.

"Under the 'One Country, Two Systems' principle, issues such as housing, land and the wealth gap that concern the wellbeing of many sectors of the Hong Kong community are squarely within the HKSAR's high degree of autonomy.

"The Chief Secretary for Administration did not say that the HKSAR Government was 'instructed' by the Central People's Government to focus on such areas as wrongly stated in the article," the spokesman stressed.

On the oath-taking of judges and civil servants, the spokesman pointed out that all judges are required to take judicial oaths on assumption of

office in accordance with Article 104 of the Basic Law and the Oaths and Declarations Ordinance (Cap. 11).

The spokesman stressed that the contents of both the judicial oath and the oath/declaration by civil servants similarly require the person taking oath/making declaration to uphold the Basic Law and bear allegiance to the Hong Kong Special Administrative Region of the People's Republic of China. The oath taking does not intend to "crack down" or to "purge" any civil servant.

The spokesman pointed out that according to Annex I to the Basic Law, the Chief Executive shall be elected by a broadly representative Election Committee in accordance with the Basic Law and appointed by the Central People's Government, and not "appointed by an election committee" as wrongly stated in the article.