

Gazettal of Inland Revenue Ordinance (Amendment of Schedule 17E) Notice 2024

The Government is amending the lists of jurisdictions on automatic exchange of financial account information in tax matters (AEOI) under the Inland Revenue Ordinance. The Inland Revenue Ordinance (Amendment of Schedule 17E) Notice 2024 will be gazetted on May 3 and tabled at the Legislative Council for negative vetting on May 8.

Hong Kong has since September 2018 conducted AEOI with other jurisdictions as advocated by the Organisation for Economic Co-operation and Development (OECD). This international tax co-operation initiative seeks to enhance tax transparency and combat cross-border tax evasion. Currently, there are 100 "participating jurisdictions" under the Inland Revenue Ordinance. The list of "participating jurisdictions" was put in place in accordance with the "transitional approach" adopted by the OECD at the early stage of AEOI implementation. It includes all jurisdictions which had committed to adopting AEOI by 2018.

As the OECD considers that the transitional period has expired, in its latest review of Hong Kong's AEOI legal framework, the OECD recommended that the list of "participating jurisdictions" should only include jurisdictions which have activated exchange relationships for AEOI with Hong Kong. The amendment notice mainly seeks to remove nine jurisdictions from the list of "participating jurisdictions" which have yet to activate exchange relationships for AEOI with Hong Kong, namely Bahrain, Belize, Marshall Islands, Montserrat, Nauru, Niue, Saint Vincent and the Grenadines, Seychelles, and Trinidad and Tobago; and add 11 "participating jurisdictions" which have already activated exchange relationships for AEOI with Hong Kong, namely Azerbaijan, Ecuador, Jamaica, Kazakhstan, Kenya, Maldives, Nigeria, Oman, Pakistan, Peru and Thailand.

"As an international financial centre, Hong Kong has long been supporting international co-operation in combating cross-border tax evasion. To take forward the OECD's recommendation, Hong Kong will update the list of 'participating jurisdictions' based on the latest status of the activation of AEOI exchange relationships between Hong Kong and relevant jurisdictions. This will enable Hong Kong to comply with the prevailing international tax standard on exchange of tax information," a Government spokesman said.

Subject to the completion of the legislative procedures, the amendment notice will come into operation on January 1, 2025.