

Government announces appointments to Advisory Panel on BEPS 2.0

The Government announced today (June 11) the appointments to the Advisory Panel on BEPS 2.0, which will advise the Government on issues relating to the proposal of the Organisation for Economic Co-operation and Development (OECD) to address the base erosion and profit shifting (BEPS) risks.

The Financial Secretary, Mr Paul Chan, announced in the 2020-21 Budget Speech that he would invite scholars, experts and members of the business community who are experienced in the fields of international taxation and economic development to tender advice on the OECD's proposal to impose a global minimum tax (commonly known as "BEPS 2.0").

The Advisory Panel will be chaired by the Secretary for Financial Services and the Treasury, and its terms of reference and membership are in the Annex.

Mr Chan said, "The non-official members of the Advisory Panel possess rich experience and knowledge in the fields of finance and business. I am grateful that they have joined the Advisory Panel to render advice on Hong Kong's tax policy."

The Advisory Panel will review the possible impact of the latest requirements under BEPS 2.0 on the competitiveness of Hong Kong's business environment, and advise the Financial Secretary on strategies and measures to facilitate the sustainable development of Hong Kong as an international financial, trading and business centre in light of the changing international tax landscape.

The OECD is working on a proposal to further address the BEPS risks. The proposal has two parts, namely digital tax and global minimum tax rate. Digital tax will create taxing rights for market jurisdictions to tax profits of certain businesses even if such businesses have no physical presence there. Global minimum tax would require multinational enterprises to pay a minimum level of tax on a group basis, or else the parent company will be subject to additional taxes or defensive measures imposed by the parent jurisdiction. The OECD aims to agree on a consensus-based solution for both parts of the proposal by the end of 2020.