

## SFST meets senior officials and local business leaders in Portugal (with photos)

The Secretary for Financial Services and the Treasury, Mr Christopher Hui, visited Lisbon, Portugal, on June 6 (Lisbon time).

Mr Hui met with the Secretary of State for Tax Affairs of Portugal, Ms Cláudia Reis Duarte, to exchange views on international tax co-operation. On the removal of Hong Kong from the European Union (EU)'s watchlist on tax co-operation in February this year, Mr Hui said that it demonstrated the EU's recognition of Hong Kong's efforts in having introduced a foreign-sourced income exemption (FSIE) regime for specified passive income to better combat cross-border avoidance arising from double non-taxation. Such efforts have brought Hong Kong's FSIE regime fully in line with the Guidance on FSIE Regimes updated by the EU in December 2022.

During the meeting, Mr Hui expressed concerns that Hong Kong had since 2004 been included in Portugal's "list of countries, territories or regions with a clearly more favourable tax regime", which would subject Hong Kong enterprises to increased taxation and special anti-abuse measures in Portugal. He urged Portugal to remove Hong Kong from the list in light of Hong Kong's continuous efforts in supporting international co-operation.

The Hong Kong and Portugal Comprehensive Avoidance of Double Taxation Agreement came into force in early 2012.

Mr Hui on the same day met with the Minister of Economy of Portugal, Mr Pedro Reis, to exchange views on issues of mutual concern, such as how to maintain sustainable economic growth and leverage the opportunities from mutual investment between the two places.

In the evening, Mr Hui attended the Business Seminar and Networking Reception in Hong Kong and the Greater Bay Area co-organised by the Hong Kong Economic and Trade Office, Brussels and the Portugal – Hong Kong Chamber of Commerce and Industry. During the seminar, Mr Hui shared with guests Hong Kong's latest financial developments in diversification, the robust offshore Renminbi ecosystem with diverse product offerings amid an uncertain global landscape; decarbonisation, the determination to develop a sound sustainability disclosure ecosystem in Hong Kong; and digitalisation, the establishment of a licensing system for virtual asset service providers and a multipronged approach to strengthen competitiveness in fintech.

Mr Hui also paid a courtesy call to the Chinese Ambassador to Portugal, Mr Zhao Bentang.

Concluding his visit to Europe, Mr Hui said, "During this visit, I participated in Money 20/20 Europe summit, the largest fintech event in

Europe, and the South Summit, the world's leading entrepreneurship and innovation platform connecting start-ups and investors. I introduced participants from around the globe to Hong Kong's initiatives to promote financial innovation, and explored the possibility of applying them around the world. The vibrant fintech scene in Europe provides immense market opportunities. During my meetings with relevant officials and leaders of the regulators, they all expressed keen interest in Hong Kong's virtual assets regulatory regime and its effectiveness. We also shared the challenges in regulation and investor protection. This October is Hong Kong's month convening flagship Web3 events, so I invited them to visit the city to attend the Hong Kong FinTech Week, the annual flagship event of the Financial Services and the Treasury Bureau, and other world-class activities to grasp the opportunities to further exchange views with key fintech stakeholders at the international level, and explore room for co-operation, while demonstrating the strength and determination of Hong Kong in embracing financial innovation.

"Times are changing. As a pioneer in embracing financial innovation, Hong Kong will proactively respond to and steer changes to promote the sustainable development of Web3 and chart a new course for Hong Kong's development amid profound changes."

Mr Hui will return to Hong Kong tomorrow (June 8).

