

Hong Kong welcomes EU amendment to watchlist on tax co-operation

The Hong Kong Special Administrative Region Government today (October 4) welcomed the amendment made by the European Union (EU) on October 2 to its watchlist on tax co-operation in recognition of Hong Kong's latest efforts in participating in the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (the Convention).

"As an international financial centre, Hong Kong has all along been supportive of the efforts of the international community in enhancing tax transparency and combating cross-border tax evasion. We are confident that Hong Kong will meet the prevailing standards on international tax co-operation, and will continue to closely liaise with the EU," a government spokesman said.

In 2017, Hong Kong made commitments to the EU on participation in the Convention and implementation of the automatic exchange of financial account information in tax matters (AEOI). Such commitments were set out in the watchlist published by the EU last year.

The Convention came into force in Hong Kong on September 1, 2018 to allow Hong Kong to effectively implement the AEOI and the Base Erosion and Profit Shifting package promulgated by the Organisation for Economic Co-operation and Development. In view of such developments, the EU has updated its watchlist. Furthermore, Hong Kong smoothly conducted the first exchanges under the AEOI with the relevant jurisdictions in September this year.

In December 2017, the EU put some 40 tax jurisdictions, including Hong Kong, on the watchlist, on the consideration that the jurisdictions concerned had demonstrated commitment to international tax co-operation, while the EU would follow up on the implementation status of their commitments.