

The Financial Services and The Treasury Bureau
24/F Central Government Offices
2 Tim Mei Avenue
Tamar
Hong Kong

18 March 2016

Dear Sir

Hong Kong's programme for Comprehensive Avoidance of Double Taxation Agreement (CDTA) and Tax Information Exchange Agreement (TIEA)

Thank you for your letter dated 4 March 2016 inviting suggestions from ACCA Hong Kong on jurisdictions which the Government should approach for CDTA/TIEA discussions this year.

Hong Kong, with its proximity to China, can act as the springboard for China outbound investments under the Belt and Road Initiative through expanding its tax treaty network with various countries. Amongst the 66 countries under this initiative, Hong Kong currently has only signed CDTAs with 13 countries, concluded but pending signing CDTAs with 4 countries and is negotiating CDTAs with 4 other countries. As such, the Hong Kong Government should further consider entering into tax treaties with those remaining countries.

For the first AEOI partner, we suggest choosing Belgium as it is the first tax treaty partner with Hong Kong and should have more experience in handling cross border tax matters between the two jurisdictions.

Attached is a duly completed Annex C as requested in your letter regarding our suggestions and the reasons for the need of a CDTA with the suggested jurisdictions.

We would like to reiterate our suggestion that the Government should continue to accord priority to CDTA negotiations, but not to shift any negotiation from CDTA to TIEA. However we agree to the framework for TIEA in order not to expose Hong Kong to the unnecessary risk of economic sanctions in the absence of any TIEA powers or network. As such, only where there is a mutual commitment to sign a CDTA, should the Government enter into a TIEA with a particular jurisdiction.

Should you wish to clarify any of the above issues, kindly please feel free to contact us at 2973 1108.

Think Ahead

ACCA

Yours faithfully

A handwritten signature in black ink, appearing to be 'Davy Yun', with a stylized flourish at the end.

Davy Yun

Co-Chairman of Tax Sub-Committee

Enclosures

c.c. Commissioner of Inland Revenue (Attn: Ms Mabel Mei)