HK, S African tax pact in force

By archive.news.gov.hk
Tuesday, November 03, 2015

An agreement between Hong Kong and South Africa for the avoidance of double taxation and the prevention of income tax evasion came into force on October 20.

Signed in October 2014, the agreement was implemented after ratification procedures on both sides.

In Hong Kong, it covers any year of assessment from April 1 next year.

China applies to join the EBRD

By news.rthk.hk
Friday, November 06, 2015

China has applied to become a member of the European Bank of Reconstruction and Development, the EBRD said on Thursday, giving Beijing a new way of extending its global influence after its steps to boost trade links with Europe and Asia.

The EBRD board is expected early next week to recommend approval of China's bid to the bank's shareholders.

That group, dominated by G7 governments, is likely to make a final decision in December and, if successful, China would take a small, symbolic but prestigious stake, and the EBRD would not invest there.

Joining the EBRD would build on initiatives by the world's second largest economy to thicken trade ties with Europe and Asia, the so-called "One Belt, One Road" plan.

"China has made a formal application for membership of the EBRD just a few days ago. This is going to be considered by the board," EBRD acting chief economist Hans Peter Lankes said. "We would expect there to be a mid-December decision (by shareholders) on this."

In May, the EBRD said it was ready to cooperate on projects with China and its newly launched Asian Infrastructure Investment Bank.

A number of European governments decided to become founding members of the AIIB despite misgivings in the United States, which fears the bank will effectively expand China's sway at the expense of Western lenders.

The EBRD was set up by governments in 1991 to support former communist states in eastern Europe but has expanded its mandate in recent years to parts of North Africa and central Asia, as well as euro zone crisis countries Greece and Cyprus.

The bank is owned by 64 countries altogether, the European Union and the European Investment Bank.

An EBRD official said China had initially sounded out the bank about becoming a member back in August and the formal request came after Chinese President Xi Jingping visited London, where the EBRD is based, last month.

"Why has China made this request? This is clearly something you have to ask the Chinese authorities," said Lankes. "Is this an area where Europe and China and the EBRD can work on the integration and connectivity of Europe and China? Yes, certainly."

One of the areas most likely to interest China is the EBRD's work in neighbouring Kazakhstan, where it is set to invest around 1 billion euros in coming years to help extend a new "Silk Road" from Western China into Russia.

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PBOC chief hints of series of economic reforms

By news.rthk.hk
Tuesday, November 10, 2015

Mainland's central bank governor Zhou Xiaochuan said the country will deliver a slew of economic and financial reforms over the next five years, which will help the yuan become an international currency by 2020.

In an article published by the Caixin magazine, the head of the People's Bank of China (PBOC) head said the reforms will also include improving central bank communications and guiding market expectations to enhance monetary policy. But Zhou didn't offer details on whether policy makers will provide routine briefings to accompany monetary announcements.

He said the government will strengthen supervision of its financial system to prevent "systemic risk".

He said China will foster new mechanisms to promote financial liberalisation and development, as well as "enhance the efficiency of the financial system to serve the real economy".

Mainland can achieve 7% GDP growth in 2016

By news.rthk.hk
Friday, November 13, 2015

Banking giant HSBC said on Friday that the mainland's central bank should step up measures to stimulate the country's economy, including cutting interest rates and boosting bank lending.

Recent economic data, such as consumer inflation and trade, has pointed to a deepening slowdown of the economy.

But John Zhu, a Greater China Economist at HSBC, said that he believes annual growth will still be around 7 percent next year - the same level as the government growth target for this year.

President Xi Jinping said earlier that the mainland's economic growth rate needs to reach 6.5 percent in the coming 5 years, so as to meet the goal of doubling 2010's gross domestic product by 2020.

IMF recommends Chinese Yuan for SDR

By news.rthk.hk
Saturday, November 14, 2015

IMF experts recommended on Friday that the Chinese yuan be included in the Fund's SDR basket of currencies, backing a strong push by Beijing to join the elite grouping.

IMF chief Christine Lagarde said in a statement that the staff experts, in their report to the IMF board, ruled the yuan or renminbi "meets the requirements to be a 'freely usable' currency."

That was a key hurdle to the yuan joining the yen, dollar, pound and euro in the Fund's "special drawing rights" currency basket, seen as the leading currencies of international commerce.

After years of keeping the yuan tightly controlled, China has moved over the past few years to allow it to be more widely used in international transactions.

Lagarde said the staff experts also ruled that Beijing has addressed "all remaining operational issues" required for SDR inclusion, which will be decided by the executive board at a November 30 meeting.

"I support the staff's findings," she said, adding to expectations that the board will also back the yuan.

The Fund has been generally receptive to the idea that the yuan could join the other four currencies in the grouping.

While not a freely traded currency, the SDR is important as an international reserve asset, and because the IMF issues its crisis loans -- crucial to struggling economies like Greece -- valued in SDRs.

China, now the world's second-largest economy, asked last year for the yuan to be added to the grouping. But until recently the yuan's exchangeability on international markets has been too tightly controlled by Beijing for it to fully qualify.

On August 4 the IMF said the currency fell short of meeting all the standards for inclusion, particularly on being "freely usable" in international finance.

China's economic slowdown complicated Beijing's efforts to widen the currency's use to meet that requirement. But there was strong pressure to do so because the IMF reviews the SDR basket only every five years, and the deadline for the current review is the end of the year.

In a move seen as trying to accommodate China's push for inclusion, on August 19 the Fund announced that it had extended by nine months the implementation of the basket revision, giving more time for adjustment to the potential inclusion of the yuan.

If a decision to include the yuan is made this month, the actual inclusion could take place as late as September 30, 2016, giving Beijing more time to prepare.

"The extension would also allow users sufficient lead time to adjust in the event that a decision were to be taken to add a new currency to the SDR basket," the IMF said at the time.

HK, Romania sign tax pact

By archive.news.gov.hk
Wednesday, November 18, 2015

Financial Secretary John Tsang today signed an agreement on the avoidance of double taxation with Romania in Bucharest.

Mr Tsang said that the agreement sets out the allocation of taxing rights between the two jurisdictions clearly, which will help investors better assess their potential tax liabilities from cross-border economic activities.

"The agreement will bolster economic and trade connections between the two places, and offer additional incentives for companies in Romania to do business or invest in Hong Kong, and vice versa," Mr Tsang added.

Under the agreement, tax paid in Hong Kong by Romanian residents will be allowed as a deduction from Romanian tax on the income taxed in Hong Kong.

Double taxation will be avoided in that any Romanian tax paid by the Hong Kong companies will be allowed as a credit against the tax payable in Hong Kong in respect of the income, subject to the provisions of the tax laws of Hong Kong.

Romania's withholding tax rate on royalties, currently at 16%, will be capped at 3%. Romania's dividend withholding tax on Hong Kong residents will be reduced from 16% to a maximum of 5%.

Romania's interest withholding tax rate on Hong Kong residents, currently at 16%, will be reduced to zero as long as Hong Kong levies no withholding tax on interest. If Hong Kong levies withholding tax on interest, Romania's interest withholding tax rate on Hong Kong's residents will be capped at 3%.

Hong Kong airlines operating flights to Romania will be taxed at Hong Kong's corporation tax rate, and will not be taxed in Romania. Profits from international shipping transport earned by Hong Kong residents that arise in Romania will not be taxed in Romania under the agreement.

This is the 33rd comprehensive agreement for the avoidance of double taxation that Hong Kong has signed with its trading partners.

It will come into force after both sides complete ratification procedures.

HK, EU dialogue held

By news.gov.hk
Thursday, November 26, 2015

The European Union and the Hong Kong Special Administrative Region Government held the ninth annual Structured Dialogue meeting today to identify areas for further co-operation.

Deputy Secretary for Commerce & Economic Development Carol Yuen and Acting Managing Director for Asia & Pacific of the European External Action Service Ugo Astuto co-chaired the meeting.

Ms Yuen noted that the meeting is an effective platform for both Hong Kong and EU to yield fruitful exchanges in areas of common interest.

"We look forward to working more closely with the EU on areas such as trade and commerce, intellectual property trading and protection, financial services, youth exchange and collaborative research," she said.

Mr Astuto said Hong Kong's freedoms, rule of law and transparency are its major assets, and the EU continues to follow developments in Hong Kong in these areas.

The EU is ready to deepen its bilateral exchanges with Hong Kong aimed at facilitating and developing trade in goods and services and boosting investment flows.

"We look forward to further enhancing our close economic and trade relations with Hong Kong and exploring the idea of launching investment agreement negotiations," he added.

At the meeting, both sides provided general updates on developments in their economies, including free trade agreements and investment promotion and protection agreements.

Ms Yuen reiterated that Hong Kong would enhance co-operation with the EU in areas of common interest to promote economic growth in both places.

Hong Kong would continue to provide an open and business-friendly environment and remain an effective connector linking trading partners from the EU not only to the Mainland, but also to markets across Asia and along the Belt & Road, she said.

New CEPA deal signed

By news.gov.hk
Friday, November 27, 2015

Chief Executive CY Leung today witnessed the signing of the Agreement on Trade in Services by Financial Secretary John Tsang and Vice Minister of Commerce Wang Shouwen.

Signed by the Special Administrative Region Government and the Ministry of Commerce under the framework of the Mainland & Hong Kong Closer Economic Partnership Arrangement, the new accord makes reference to the Agreement between the Mainland & Hong Kong on Achieving Basic Liberalisation of Trade in Services in Guangdong signed last year.

It becomes a stand-alone, subsidiary agreement relating to trade in services under the CEPA framework.

The agreement further enhances the liberalisation in both breadth and depth, including extending the implementation of the majority of Guangdong pilot liberalisation measures to the whole Mainland; reducing the restrictive measures in the negative list; and adding 28 liberalisation measures in the positive lists for cross-border services as well as cultural and telecommunications services.

Under the new agreement, there are 153 sectors which the Mainland has fully or partially opened up to the Hong Kong services industry, accounting for 95.6% of all the World Trade Organisation services trade sectors. In respect of the mode of "commercial presence", national treatment will be applied to Hong Kong in 62 sectors.

Hong Kong's favourable position to enjoy the Mainland's most preferential liberalisation measures is assured by the agreement's Most-Favoured Treatment provision, which specifies that any preferential treatment the Mainland accorded to other countries or regions, if more preferential than those under CEPA, will be extended to Hong Kong.

The agreement will come into effect immediately and be implemented on June 1, 2016.