Tax info legal framework to refine

By www.news.gov.hk
Friday, March 1, 2019

The legal framework of automatic exchange of financial account information in tax matters will be refined from January 1, 2020.

The Government said the move aims to better align the relevant provisions with the requirements promulgated by the Organisation for Economic Co-operation and Development.

The Inland Revenue (Amendment) (No. 2) Ordinance 2019, gazetted today, requires Mandatory Provident Fund Schemes, Occupational Retirement Schemes registered under the Occupational Retirement Schemes Ordinance, pooling agreements, approved pooled investment funds and credit unions to comply with the due diligence and reporting obligations relating to the automatic exchange of financial account information starting from 2020.

If members of the institutions concerned are tax residents of the reportable jurisdictions, such institutions will need to report in 2021 for the first time to the Inland Revenue Department those members' financial account information for passing on to relevant tax authorities.

The Government said the amendment ordinance will also raise the number of reportable jurisdictions under the Inland Revenue Ordinance to 126 from the current 75.

More details on the automatic exchange of financial account information are available here.

Status of HK investments won't change: Beijing

By www.news.rthk.hk
Monday, March 4, 2019

The spokesman of Beijing's top legislature has allayed concerns raised by some deputies about the proposed Foreign Investment Law, saying Hong Kong businesses on the mainland will continue to be treated as foreign investors.

Zhang Yesui was speaking ahead of the the National People's Congress's annual plenary session which opens on Tuesday.

The proposed legislation is to be voted on by the NPC and is to replace the existing laws on foreign enterprises, with the aim to boost confidence and protect international business people.

But the draft bill does not specify that Hong Kong entities will be treated as "foreign investors", as they are under existing statutes. Some Hong Kong deputies to the congress had flagged this up.

Zhang said the proposed legislation is to address the concerns of international businesses on copyright and technology transfer issues, two areas at the core of the trade dispute between China and the US.

He said businesses from Hong Kong, Macau and Taiwan would enjoy the same benefits as before.

"Hong Kong and Macau SARs and the Taiwan region, first of all they are part of China. And at the same time they are also separate customs territories," he said. "Therefore investments from Hong Kong, Macau and Taiwan regions are unique in a way that they are neither foreign nor domestic investments."

"In practice they are managed with reference to foreign investments. With the new legislation in place, it does not change relevant legal applications," he said.

Zhang also slammed US officials for playing up the "so-called security risk associated with the products of certain Chinese companies" and linking this with China's national intelligence law. He said this is against WTO rules and is neither ethical nor fair.

New investment law to ensure level playing field

By www.news.rthk.hk
Monday, March 4, 2019

The bill on foreign investment will bring "a fundamental change" for foreign investors who will enjoy same privilege as Chinese companies, the National People's Congress spokesman said on Monday.

The draft law will be the most closely watched item at the annual two-week session opens on Tuesday.

The legislation seeks to address longstanding complaints from foreign companies, though Europeans voiced concerns that it was being fast-tracked to meet US demands on trade.

The bill will eliminate the requirement for foreign firms to transfer proprietary technology to Chinese joint-venture partners – a central issue in Beijing's trade negotiations with Washington.

It also promises to abolish the "case-by-case approvals" process for foreign investments, NPC spokesman Zhang Yesui said.

The change will ensure that foreign investors will enjoy the same privileges as Chinese companies in most sectors, except those placed on a "negative list".

Beijing uses negative lists to identify areas that are either off-limits to non-state businesses or that require them to go through an application and approval process.

"Areas for prohibiting and restricting foreign investments shall be clearly listed and areas outside the negative list will be fully open," Zhang said.

"Chinese and foreign investment will enjoy the same treatment."

The new "unified law" will replace three existing laws on Chinese and foreign equity joint ventures, non-equity joint ventures and wholly foreign-owned enterprises.

"This is a fundamental change in our foreign investment management system, which will improve the openness, transparency and predictability of the investment environment," Zhang said.

US and EU officials have long complained of a lack of fair access for foreign companies in China, as well as rampant theft of intellectual property.

Tim Stratford, chairman of the American Chamber of Commerce in China, said last week "our initial impression is positive" but that businesses were waiting for further detail.

But the European Chamber of Commerce in China said it fears the legislation is being fast-tracked to meet US demands.

The NPC will vote on the draft law on March 15, the last day of its annual session.

HK removed from EU tax watchlist

By www.news.gov.hk
Wednesday, March 13, 2019

The Hong Kong Special Administrative Region Government today welcomed the European Union's decision to remove Hong Kong from its watchlist on tax co-operation.

In 2017 and 2018, the EU had put 68 tax jurisdictions including Hong Kong on the watchlist, and monitored the progress of these jurisdictions in implementing the requirements of international tax co-operation.

Secretary for Financial Services & the Treasury James Lau said Hong Kong has all along supported and facilitated the efforts of the international community in enhancing tax transparency and combating cross-border tax evasion.

"Since 2018, Hong Kong has implemented various initiatives relating to international tax co-operation and fulfilled the commitments made to the EU.

"The latest decision of the EU shows that Hong Kong's compliance with the standards of international tax co-operation is recognised by the international community."

The initiatives implemented by Hong Kong include the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, which came into force on September 1, 2018.

It allows Hong Kong to effectively implement the automatic exchange of financial account information in tax matters (AEOI) and the Base Erosion & Profit Shifting Package promulgated by the Organisation for Economic Co-operation & Development.

The first exchanges under the AEOI with the relevant jurisdictions were smoothly conducted in September and October 2018.

The Inland Revenue (Amendment) (No. 6) Bill 2017 and the Inland Revenue (Profits Tax Exemption for Funds) (Amendment) Bill 2018 alter the tax regimes in respect of corporate treasury centres, professional reinsurance, captive insurance, offshore funds and offshore private equity funds by extending the coverage of the relevant tax concessions from non-domestic transactions to domestic transactions in order to comply with international requirements.

Belt-Road co-operation enhanced

By www.news.gov.hk
Wednesday, March 20, 2019

The Government will continue to strengthen Hong Kong’s economic partnerships with other economies, including the Belt & Road countries and regions to facilitate the long-term economic development of the city.

Acting Secretary for Commerce & Economic Development Bernard Chan made the remarks in response to questions from legislator Chung Kwok-pan in the Legislative Council today.

Mr Chan said the Government will actively seek to forge free trade as well as investment promotion & protection agreements with more trading partners to help Hong Kong enterprises and investors expand overseas.

It will also co-organise the 4th Belt & Road Summit on September 11 and 12 with the Trade Development Council to promote and foster Hong Kong as an international commerce and trading platform for the Belt & Road Initiative, he added.

A five-pronged strategy will be adopted in pursuit of the initiative, including the enhancement of policy co-ordination, fully leveraging Hong Kong's unique advantages, making the best use of the city's position as the professional services hub, promoting project participation and establishing partnership and collaboration.

The Government's Belt & Road Office has an establishment of 19 and it will increase to 21 in 2019-20 with an estimated expenditure of $39.958 million.

Gov’t to forge more trade pacts

By www.news.gov.hk
Tuesday, March 26, 2019

Chief Executive Carrie Lam today said the Hong Kong Special Administrative Region Government will continue to pursue free trade agreements with more economies.

Speaking to the media before the Executive Council meeting, Mrs Lam said she will travel to Hainan on March 27 to attend the Boao Forum for Asia Annual Conference 2019.

Mrs Lam will speak at the conference’s ASEAN-China Governors/Mayors’ Dialogue session.

She said the HKSAR Government attaches great importance to trade relations and collaboration with member states of the Association of Southeast Asian Nations (ASEAN).

In 2017, Hong Kong and ASEAN signed a free trade agreement and an investment agreement which will come into effect this year, she said.

The Chief Executive also noted Hong Kong and Australia signed a free trade agreement and an investment agreement today.

She said the city has signed eight free trade agreements with other economies so far, and four of them were signed after the current-term Government took office.

The Government will continue to pursue free trade deals with more economies to help Hong Kong enterprises, Mrs Lam added.

HK-Aus sign trade pacts

By www.news.gov.hk
Tuesday, March 26, 2019

Hong Kong and Australia today signed a Free Trade Agreement and an Investment Agreement.

The pacts were signed by Secretary for Commerce & Economic Development Edward Yau and Australian Minister for Trade, Tourism & Investment Simon Birmingham in Sydney.

The deals cover trade in goods, trade in services, investment, intellectual property, government procurement, competition and other related areas, providing Hong Kong traders and investors with legal certainty and more favourable access to the Australian market while creating more business opportunities and enhancing trade and investment flows between the two places.

Mr Yau hailed the free trade agreement as a high-quality deal that reflects the aspiration of both economies, particularly those in the investment, trading and professional services.

“The document actually includes ways and means to improve the market access into our mutual markets. It provides opportunity for professional services to exchange talent and also create new opportunities for others."

He added the commitment made by both places to each other far exceeds their World Trade Organization commitments.

Under both agreements, Hong Kong-originating goods can enter Australia tariff-free and via simplified procedures.

In some 140 services sectors, Hong Kong service providers can enjoy market access and treatment no less favourable than Australia's local service providers under like circumstances. Australia has also committed to liberalising full range of its arbitration, conciliation and mediation services and certain rail transport services.

The free trade agreement with Australia is the fourth such pact the current-term Government has signed with its trading partners since taking office in July 2017.

Together with the investment agreement, it will take effect after Hong Kong and Australia have completed their respective internal procedures.

Virtual banking era begins in Hong Kong

By www.thestandard.com.hk
Wednesday, March 27, 2019

Hong Kong opened the doors to virtual banks today and heralded a major shift in the banking landscape by granting three licenses to institions that will offer services online instead of operating brick and mortar branches.

The Hong Kong Monetary Authority granted the first licenses to Livi VB Limited, SC Digital Solutions Limited and ZhongAn Virtual Finance Limited.

These licensees are expected to launch services in six to nine months.

The HKMA chief executive, Norman Chan Tak-lam said the introduction of virtual banks in Hong Kong is a key pillar supporting Hong Kong's entry into the smart banking era.

"It is a major milestone in reinforcing Hong Kong's position as a premier international financial center. I believe that virtual banks will not only help drive fintech and innovation, but also bring about brand new customer experiences and further promote financial inclusion in Hong Kong."

Chan said that in targeting the public and small and medium enterprises as their main client base, virtual banks should help promote financial inclusion in Hong Kong.

The number of licensed banks in Hong Kong will increase to 155 following the grating of the virtual bank licenses.

Guidelines for virtual banks were issued by the HKMA 19 years ago.

After a consultation in 2018, the guidelines were revised by the HKMA to allow non financial firms backed by a strong parent to open a virtual bank. The parent may not be a financial institution.

Standard Chartered Bank, online lending platform WeLab, Airwallex and Sequoia Capital China were among the confirmed applicants.

The HKMA has defined a virtual bank as a bank which, "delivers retail banking services primarily, if not entirely through the internet or other electronic delivery channels instead of physical branches."