



Inland Revenue Department
The Government of the Hong Kong
Special Administrative Region

AUTOMATIC EXCHANGE OF INFORMATION

Tax transparency

In a world without barriers to financial flows, businesses and individuals can invest their wealth abroad in financial institutions in jurisdictions outside their jurisdictions of residence. While many taxpayers comply with their domestic tax obligations, some others do not.

The new standard on automatic exchange of financial account information (AEOI) developed by the OECD and G20 is a significant and ambitious step in the field of administrative co-operation which will guarantee fairness in tax. Many jurisdictions have now committed to this global standard.



Get more about Automatic Exchange of
Information from your financial institution or at:
www.ird.gov.hk/eng/tax/dta_aei.htm

Reporting of financial account information

— **The new rules**



So far over 100 jurisdictions have committed to an automatic exchange of financial account information.

Information such as the account balance or value, interest, dividends and other financial income will be collected by financial institutions around the world ready for reporting to tax authorities.

Tax authorities will exchange this information to assist in making sure everyone pays the right amount of tax on their income.

International agreements

- > Between governments
- > Between tax authorities
- > Between global organisations



Their goal is to increase tax transparency between jurisdictions.

This new set of rules applies to individuals as well as entities.

Information exchanged

- > Name, address and other identifying information of the person concerned
- > A reference for the financial account
- > Details about the financial institution
- > The balance or value of the financial account
- > Interest, dividends, income from certain insurance products
- > Sales proceeds from financial assets



Obligations

If you have a financial account, you may have to provide your financial institution with evidence of your tax residence.

The financial institution will contact you if necessary. If your financial institution seeks to establish your tax residence, it is very important that you provide the correct information.

Financial institutions collect relevant information then transmit it to the tax authority in their jurisdiction, which sends the information to the tax authority of your jurisdiction of residence. This tax authority may use the information to check if the foreign income you declared is correct.

Reportable accounts

Reportable accounts include: bank accounts, life-insurances, funds, etc.

Account holders can be individuals or entities, including trusts and foundations.

