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

AUTOMATIC EXCHANGE OF INFORMATION

Automatic Exchange of Information is a breakthrough in ensuring tax compliance

More than 100 jurisdictions have already committed to share taxpayers' financial account information automatically. This is what the Common Reporting Standard (CRS) is all about.

Tax non-compliance is a serious problem for jurisdictions all over the world, and jurisdictions have a shared interest in maintaining the integrity of their tax systems. Cooperation between tax authorities is critical in ensuring tax compliance and in protecting the integrity of tax systems. A key aspect of that cooperation is exchange of information.

With the implementation of the CRS, we enter a new era where tax authorities will be able to check automatically if taxpayers have disclosed the financial accounts they own or the financial income they generate abroad.

Many of our taxpayers are now multinational enterprises and organize their financial affairs with less consideration for national borders. It is the 21st century's reality.

While the vast majority comply with tax regulations, it is unfair that a minority of taxpayers get an advantage by putting the assets they own and the income they earn abroad. And if overseas tax authorities do not address the issue, there is a risk that more taxpayers lose confidence in the fairness of their tax system, putting the whole tax system into danger.

That is why G20 leaders saw the need to put an end to practices that could otherwise undermine the trust that citizens place in their governments. It gave a momentum that led to this turnaround in the very way we approach tax: now tax authorities will share all the needed information, and they will be better equipped with the tools necessary to ensure tax compliance. With the global Automatic Exchange of Information, we will be equipped to promote and strengthen fairness in the tax area.

August 2016

Get more at http://www.ird.gov.hk/eng/tax/dta_aeoi.htm