Examination of Estimates of Expenditure 2023-24

Reply Serial No.

FSTB(Tsy)034

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1737)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue (TAM Tai Pang)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The work of the Inland Revenue Department (IRD) in the coming year includes striving to expand Hong Kong's network of double taxation agreements. In this connection, please inform this Committee of the following:

1. Please list the countries and regions in respect of which negotiations are ongoing and give details of the progress of such negotiations.
2. Agreement has yet to be reached with some countries and regions after years of negotiations. What are the main reasons?
3. Has the Government set any indicators in the coming year for the newly commenced double taxation agreement negotiations? If yes, what are the details?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 38)

Reply:

At present, Hong Kong is in negotiations for comprehensive avoidance of double taxation agreements (CDTAs) with 13 tax jurisdictions, namely Bahrain, Bangladesh, Cyprus, Germany, Israel, Kyrgyz Republic, Lithuania, Maldives, Nigeria, North Macedonia, Norway, Türkiye and Ukraine. The negotiation progress for CDTAs mainly depends on the internal work priorities and vetting procedures of the negotiation partners, the requirements for individual provisions, etc. Nevertheless, we will continue to negotiate with the tax jurisdictions concerned. As the pandemic has subsided and international exchanges have resumed normalcy, the Hong Kong Special Administrative Region Government will strive to conclude the negotiations with the tax jurisdictions concerned so as to sign the CDTAs as early as possible.

To attract more enterprises to Hong Kong and facilitate the overseas market development of Hong Kong's enterprises, the Government will continue to enhance efforts to accelerate the expansion of the CDTA network. Currently, the Inland Revenue Department (IRD) commences negotiations with an average of two to three tax jurisdictions every year. Subject to the willingness and plans of the negotiation partners, the IRD plans to increase the number of tax jurisdictions to four to six per year. In particular, the focus will be on tax jurisdictions participating in the Belt and Road Initiative and emerging markets such as ASEAN, the Middle East, Central Asia and Africa.

- End -