

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2805)

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:

Regarding Comprehensive Avoidance of Double Taxation Agreements (CDTAs), please advise this Committee on the following:

1. Hong Kong has so far signed CDTAs with 49 tax jurisdictions, and is in negotiations with 16 tax jurisdictions. What is the current progress of those negotiations? How many tax jurisdictions are expected to sign CDTAs with Hong Kong in the coming 3 years?
2. What are the objectives and details of the plan to expand the network of double taxation agreements in the coming year?
3. Are additional manpower and expenditure required for the relevant work?
4. In a reply to a question raised in the Special Finance Committee Meeting in 2020-21, the Inland Revenue Department indicated that the Department would bring the total number of CDTAs to 50 by end-2022. However, only 49 CDTAs have been signed as at March 2024. What does the Department think is the reason for being far behind the target? Will additional resources be deployed to meet a new target? If yes, what are the details?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 18)

Reply:

Hong Kong had already signed CDTAs with 43 jurisdictions in early 2020. While the impeded government operations of the negotiation partners and the travel restrictions following the outbreak of the pandemic in early 2020 have affected the progress of Hong Kong's CDTA negotiations, the Hong Kong Special Administrative Region (HKSAR) Government still managed to sign CDTAs with Serbia, Georgia and Mauritius respectively during the pandemic. In tandem with the worldwide post-pandemic return to normalcy, the HKSAR Government has stepped up its efforts in negotiating CDTAs. Hong Kong signed CDTAs with Bangladesh, Croatia and Bahrain respectively in August last year, January and March this year, bringing the total number of signed CDTAs to 49. The CDTAs concerned will enter into force upon the completion of ratification procedures by Hong Kong and the partner jurisdictions. Subject to the work priorities and approval procedures of the negotiation partners, the Government expects to sign CDTAs with 3 other jurisdictions within this year.

To strengthen efforts to bring 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. Subject to the willingness and plans of the negotiation partners, the Government plans to commence negotiations with 4 to 6 jurisdictions each year (including the coming year). In particular, the focus will be on jurisdictions participating in the Belt and Road Initiative and emerging markets such as the ASEAN, the Middle East, Central Asia and Africa.

Since CDTA negotiations form part of the regular duties of the Inland Revenue Department (IRD), the manpower (including 1 post of Assistant Commissioner created last year) and expenditure involved have been included in the overall establishment and expenditure of the IRD.

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