

**The Mainland and Hong Kong
Comprehensive Arrangement for the Avoidance of Double Taxation (“the Arrangement”)
Administrative Arrangement on Certificate of Hong Kong Resident Status**

To streamline the implementation of the Arrangement, the Mainland and Hong Kong exchanged notes on 16 March 2016 and 15 April 2016 agreeing and confirming the following administrative arrangement on certificate of Hong Kong resident status:

A Certificate of Resident Status issued by the Hong Kong competent authority to a Hong Kong resident for a particular calendar year serves as a proof of the Hong Kong resident status of the Hong Kong resident for that calendar year and the two succeeding calendar years. Where there are changes in the Hong Kong resident’s circumstances such that the conditions for enjoying tax benefits under the Arrangement are no longer met, such issued Certificate of Resident Status cannot serve as a proof of the Hong Kong resident status after the changes.

The above administrative arrangement is effective as from 15 April 2016, and applies to all Certificates of Resident Status issued by the Hong Kong competent authority in respect of the Arrangement, including those issued before 15 April 2016.

Example

On 1 March 2015, the Hong Kong competent authority issued to A Limited a Certificate of Resident Status for the calendar year 2014. There is no change in A Limited’s business operation during the calendar years 2014 to 2016.

The above Certificate of Resident Status for the calendar year 2014 can serve as a proof of the Hong Kong resident status of A Limited for the 3 calendar years 2014, 2015 and 2016. A Limited can provide the Mainland tax authorities with that Certificate of Resident Status to support its claim for tax benefits under the Arrangement in the Mainland for the 3 calendar years 2014, 2015 and 2016. It would not be necessary for A Limited to apply with the Hong Kong competent authority for Certificate of Resident Status for the calendar years 2015 and 2016.

**Inland Revenue Department
June 2016**