



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

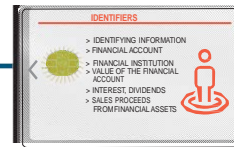
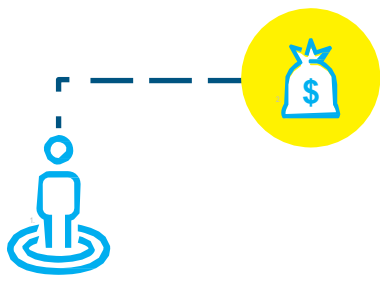
AUTOMATIC EXCHANGE OF INFORMATION

Over 100 jurisdictions have committed to an annual automatic exchange of financial account information. Some people will seek advice from tax professionals about what this means for them and what they need to do next. Here are some questions and answers, covering areas that may commonly come up.

Questions about automatic exchange of financial information



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



Why is this relevant to me?

If you have assets or income outside of the jurisdiction that you are tax resident in, then you should be aware that a range of financial information may be shared with your jurisdiction of residence. Over 100 tax authorities across the world have agreed to share this financial information from 2017 or 2018 under what is called the Common Reporting Standard (CRS), and some information that will be shared has already been collected.

What do I need to do?

If you are confident that your tax affairs are up to date and compliant for your jurisdiction of residence, then you do not need to worry. Where you are unsure about your tax liabilities, we recommend that you seek advice from a tax professional as soon as possible, to check that your tax affairs are in order and find out whether you need to act now to update your tax affairs.

Why may financial information be shared with tax authorities?

Financial information may be shared with people's jurisdiction of residence to support tax compliance and help tax authorities identify those few whose tax affairs are not compliant. Over 100 tax authorities across the world have committed to Automatic Exchange of Information (AEOI) to provide significantly increased global tax transparency.

Can I opt out of my information being reported?

No. The Inland Revenue Ordinance (IRO) has incorporated the CRS requirements which impose legal obligation on financial institutions to establish and apply due diligence procedures to identify tax residents of territories outside Hong Kong for AEOI purpose and collect specified information for submission to the tax authority. If you declare all your tax liabilities to your tax authority you have nothing to worry about.

What will tax authorities do with my financial information?

Tax authorities will use the information they get to identify those people whose tax affairs are not compliant. This information will enable the tax authorities to take follow-up action to enforce compliance.

What information is being shared?

Institutions are reporting on a wide range of financial information. The financial information being reported includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account.

Which types of organisation are reporting the financial information?

A broad range of financial institutions are covered by the CRS including custodial institutions, depository institutions, investment entities, and specified insurance companies. This will include the obvious candidates – banks, insurers, wealth and asset managers - but also includes a host of other businesses such as family trusts with passive income and a fund manager who is also a financial institution. There is no de minimis for pre-existing individual accounts for the CRS (unlike FATCA), so financial accounts across the spectrum can be reportable.

When is this financial information being reported?

Financial information will be exchanged from 2017 (EU Member States and early adopters) or from 2018 (other adopters, including Hong Kong) under the CRS. Some information that will be shared in 2017 has already been collected.

Why is it necessary to provide my tax residency?

Reporting financial institutions are authorised by the IRO to apply due diligence procedures to cover all account holders and controlling persons that are tax residents of all territories outside Hong Kong. Therefore account holders and controlling persons are required to provide their tax residency and tax identification numbers to the reporting financial institutions.

Why is it necessary to provide a self-certification?

Reporting financial institutions are required under the IRO to collect self-certifications from account holders and controlling persons when applying the due diligence procedures.

What if there are changes in circumstances that affect my tax residency?

Account holders and controlling persons should advise reporting financial institutions of any change in circumstances which affects their tax residency status or causes the information contained in a self-certification to become incorrect. Generally, account holders and controlling persons should provide financial institutions with a suitably updated self-certification form within 30 days of such change in circumstances.