

Consultation on Liberalisation of Exchange of Information Article in Double Taxation Agreements

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The Financial Services and the Treasury Bureau is seeking the Institute's view on the liberalisation of exchange of information ("Eol") article for comprehensive double taxation agreements ("CDTA").

The HKSAR government has concluded four CDTAs, with Belgium, Thailand, Mainland China and Luxembourg, and is negotiating with another 11 economies.

A CDTA would normally include an Eol article that provides for the Eol between the two contracting jurisdictions. Hong Kong's existing CDTAs adopt an Eol article that is based on the **1995 version** of the Organisation for Economic Cooperation ("OECD")'s Model Tax Convention. However, in their agreements with trading partners, many developed economies now adopt the more extensive wording of the **2004** OECD Model Tax Convention.

It is argued that the liberalisation of Eol would facilitate the expansion of Hong Kong's CDTA network and bring economic benefits by enhancing Hong Kong's position as an international financial and business centre. However, reservations are also expressed by some that liberalisation would compromise confidentiality, which could affect investor confidence and the attraction of Hong Kong's low tax regime.

Amendments to the Inland Revenue Ordinance would be necessary before Hong Kong can adopt the 2004 version of the Eol article.

Click [here](#) for more background information. If you have any views on this subject, please e-mail to < commentletters@hkicpa.org.hk > under the subject heading "Liberalisation of Eol" no later than **20 August 2008**.