



# HONG KONG TAX ALERT

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## CRS: Bill passed for the Expansion of the List of Reportable Jurisdictions

*The Legislative Council passed the bill on 7 June 2017 for the expansion of the list of reportable jurisdictions under the Common Reporting Standard (CRS) from two to 75 to meet international expectations. The bill will come into effect on 1 July 2017.*

### Summary

- The Inland Revenue (Amendment) (No. 3) Bill 2017 expands the list of Hong Kong's CRS reportable jurisdictions from two to 75
- Financial institutions in Hong Kong are required to report full year information for 2017 regarding financial accounts held by tax residents of Japan and the UK
- For the additional reportable jurisdictions (except Korea), CRS reporting will be limited in the first year to the financial information for the second half of 2017
- The first CRS reporting to the IRD will be due in May 2018 covering all reportable jurisdictions (except Korea)

CRS is a globally coordinated approach for the disclosure of information about financial accounts held by individuals and organisations outside their jurisdiction of tax residence.

Hong Kong was initially slow in entering into the necessary arrangements with other countries to provide information about accounts held in Hong Kong by residents of other countries. For the first CRS reporting period (due in May 2018), information was to be provided only to Japan and the UK. Hong Kong therefore fell under pressure from the OECD to accelerate the pace of information exchange.

The new legislation expands the list of reportable jurisdictions from two to 75. The newly added CRS reportable jurisdictions include all EU member states, all of Hong Kong's tax treaty partners which have committed to CRS, and other jurisdictions which have expressed an interest to the OECD in exchanging CRS information with Hong Kong (with Turkey added to the originally-proposed list).

Financial institutions in Hong Kong are required to start collating information about relevant account holders from these jurisdictions as from 1 July 2017.

For these new reportable jurisdictions (except Korea), account information will need to be provided to the IRD as at 1 July 2017 (compared with 1 January 2017 for Japan and the UK and 1 January 2018 for Korea). The first CRS reporting to the IRD will be due in May 2018. The IRD will provide this information to the relevant jurisdiction only after it has signed a Competent Authority Agreement with that jurisdiction or there is an extension of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters.

### KPMG comments

With the expansion of the list of CRS reportable jurisdictions to be effective in less than 3 weeks' time, financial institutions should commence immediately with implementing the required operational and system enhancements if they have not already done so. It is also important for financial institutions to provide

up-to-date training to front-line staff and continuous customer communication, to ensure compliance with the latest requirements.

Our previous tax alerts on the CRS developments in Hong Kong are accessible below:

2017

[Issue 6: CRS: Proposed Expansion of the List of Reportable Jurisdictions](#)

2016

[Issue 11: CRS: Hong Kong guidance published](#)

[Issue 6: CRS/AEOI Hong Kong legislation gazetted](#)

[Issue 1: CRS/ AEOI: Hong Kong bill gazetted](#)

2015

[Issue 10: CRS/AEOI: Hong Kong responds to consultation](#)

[Issue 7: Hong Kong launches the Consultation on Automatic Exchange of Information](#)

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