

# Hong Kong (China)

1. Hong Kong was reviewed as part of the 2017/2018 and the 2018/2019 peer reviews. This report is supplementary to those previous (OECD, 2019<sup>[1]</sup>) (OECD, 2018<sup>[2]</sup>).
2. The filing obligation for a CbC report in Hong Kong applies to reporting fiscal years commencing on or after 1 January 2018. Hong Kong also allows Hong Kong's MNE groups to file a CbC report on a voluntary basis, for reporting fiscal years beginning between 1 January 2016 and 31 December 2017.

## Summary of key findings

3. Hong Kong's implementation of the Action 13 minimum standard meets all applicable terms of reference (OECD, 2017<sup>[3]</sup>).
4. Hong Kong's 2017/2018 peer review included a recommendation that Hong Kong continues to take steps to enable exchanges of CbC reports under existing international agreements for reporting fiscal years commencing in 2017 and 2018. With respect to reporting fiscal years commencing on or after 1 January 2019, Hong Kong has taken steps to ensure bilateral relationships for the exchange of CbC reports under the CbC MCAA are in place and so the recommendation no longer applies and is now removed.

## Part A: The domestic legal and administrative framework

5. Hong Kong has legislation to implement the BEPS Action 13 minimum standard.

### ***(a) Parent entity filing obligation***

6. No changes were identified.

### ***(b) Scope and timing of parent entity filing***

7. No changes were identified.

### ***(c) Limitation on local filing obligation***

8. No changes were identified.

### ***(d) Limitation on local filing in case of surrogate filing***

9. No changes were identified.

### ***(e) Effective implementation***

10. No changes were identified.

### ***Conclusion***

11. Hong Kong meets all the terms of reference relating to the domestic legal and administrative framework.

## Part B: The exchange of information framework

### **(a) Exchange of information framework**

12. Hong Kong's 2017/2018 peer review included a recommendation that Hong Kong continues to take steps to enable exchanges of CbC reports under existing international agreements for reporting periods commencing in 2017 and 2018. With respect to reporting periods commencing on or after 1 January 2019, Hong Kong has taken steps to ensure bilateral relationships for the exchange of CbC reports under the CbC MCAA are in place and so the recommendation no longer applies and is now removed.

13. As of 31 March 2020, Hong Kong has 66 bilateral relationships in place for the exchange of CbC reports, including those activated under the CbC MCAA and bilateral CAAs. Within the context of its international exchange of information agreements that allow automatic exchange of tax information, Hong Kong has taken steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that currently meet the confidentiality, consistency and appropriate use conditions. Regarding Hong Kong's exchange of information framework, no inconsistencies with the terms of reference were identified.<sup>1</sup>

### **(b) Content of information exchanged**

14. No changes were identified.

### **(c) Completeness of exchanges**

15. No changes were identified.

### **(d) Timeliness of exchanges**

16. No changes were identified.

### **(e) Temporary suspension of exchange or termination of QCAA**

17. No changes were identified.

### **(f) Consultation with other Competent Authority before determining systemic failure or significant non-compliance**

18. No changes were identified.

### **(g) Format for information exchange**

19. No changes were identified.

### **(h) Method for transmission**

20. No changes were identified.

### **Conclusion**

21. Hong Kong's 2017/2018 peer review included a recommendation that Hong Kong continues to take steps to enable exchanges of CbC reports under existing international agreements for reporting fiscal years commencing in 2017 and 2018. With respect to reporting fiscal years commencing on or after 1 January 2019, Hong Kong has taken steps to ensure bilateral relationships for the exchange of CbC reports under the CbC MCAA are in place and so the recommendation no longer applies and is now removed.

22. Hong Kong meets all the terms of reference with regard to the exchange of information.

## Part C: Appropriate use

### ***Appropriate use***

23. No changes were identified.

### ***Conclusion***

24. Hong Kong meets all the terms of reference relating to appropriate use of CbC reports.

## Summary of recommendations on the implementation of Country-by-Country Reporting

Aspect of the implementation that should be improved		Recommendation for improvement
Part A	Domestic legal and administrative framework	-
Part B	Exchange of information framework	-
Part C	Appropriate use	-

## References

- OECD (2019), *Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 2): Inclusive Framework on BEPS: Action 13*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/f9bf1157-en>. [1]
- OECD (2018), *Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 1): Inclusive Framework on BEPS: Action 13*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264300057-en>. [2]
- OECD (2017), *Terms of reference for the conduct of peer review of the Action 13 minimum standard on country-by-country reporting*, OECD Publishing, <https://www.oecd.org/tax/beps/beps-action-13-on-country-by-country-reporting-peer-review-documents.pdf>. [3]

## Note

<sup>1</sup> No inconsistency with the terms of reference will be identified where a QCAA is not in effect with one or more jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions, but this is due to circumstances that are not under the control of the reviewed jurisdiction. This may include, for example, where the other jurisdiction intends to exchange CbC reports using the MCAA but it does not have the Convention in effect for the relevant fiscal period, or where the other jurisdiction has declined to have a QCAA in effect with the reviewed jurisdiction.



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