



Mr Christopher Hui Ching Yu, JP  
Secretary for Financial Services and the Treasury  
Financial Services and the Treasury Bureau  
24/F West Wing  
Central Government Offices  
2 Tim Mei Avenue, Tamar  
Hong Kong

1 June 2022

Dear Secretary,

The Australian Chamber of Commerce in Hong Kong (AustCham) would like to congratulate the Hong Kong Government on its implementation efforts to date on BEPS 2.0. We also appreciate the engagement with the international business community on this initiative.

AustCham and The British Chamber of Commerce Hong Kong (BritCham) have worked collaboratively on a series of recommendations to improve implementation. In the latest letter from BritCham dated 23 March 2022, BritCham raised a number of issues for your consideration. AustCham supports the positions outlined in the BritCham letter and agrees that these issues deserve further consideration.

AustCham would like to submit one further suggestion with respect to the timeline for implementation. That is, to suggest deferring the effective date of the new rules by one year (or other time as is required) to align Hong Kong's implementation of the rules with our major trading partners and economic blocs.

As background, notwithstanding the timetable stipulated by the OECD, considerable uncertainty has arisen surrounding the timeline for implementation of Pillar Two. For example, the European Union has not yet reached consensus, meaning implementation there will likely take effect in 2024 at the earliest. Similarly, uncertainty exists surrounding the relevant proposed amendments in the US.

As an International Finance Centre, Hong Kong does not stand to gain by adopting these rules as a "first mover". Doing so, in the absence of broad global adoption, could disincentivise foreign investment into Hong Kong, and create a fiscal disadvantage for Hong Kong based multinationals.

These issues are greatly mitigated if Hong Kong adopts the rules in line with a critical mass of jurisdictions.

Additionally, deferring the implementation of Pillar Two will provide multinationals some much-needed time to prepare for these rules. The rules are extremely complex, have the potential for significant fiscal impact, and are not yet finalised (for example the Implementation Framework is not anticipated to be released for months). Furthermore, most multinationals' financial systems are currently unable to generate the required data for compliance and making necessary changes to such systems will be a time-consuming process.

I welcome the opportunity for constructive consultation with you and the Hong Kong Government and Administration on these matters at any time.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Robert Quinlivan".

Robert Quinlivan  
Chairman

cc: Peter Burnett OBE, Chairman, The British Chamber of Commerce in Hong Kong