



Mr. Stephen Y. K. LO
Principal Assistant Secretary for Financial Services and the Treasury
Financial Services and the Treasury Bureau
The Government of the Hong Kong Special Administrative Region
Hong Kong

By email: cdta@fstb.gov.hk

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Dear Mr LO

Submission on Hong Kong's Comprehensive Double Tax Agreement Network

The Australian Chamber of Commerce in Hong Kong (AustCham) represents more than 800 members from 240+ companies. We are one of the largest international Chambers in Hong Kong and one of the largest Australian Chambers abroad. AustCham's membership includes Australian businesses operating offshore, Hong Kong companies with significant investments in Australia, international companies with operations in Australia and Hong Kong, and individuals leading Small and Medium Sized businesses and working in Hong Kong. AustCham has been in Hong Kong since 1987 supporting our members, their business and the Australia-Hong Kong bi-lateral relationship.

The Financial Services and the Treasury Bureau (FSTB) consultation on Tax treaty network expansion provides another opportunity to once again share AustCham's support for expanding Hong Kong's tax treaty network by considering a Comprehensive Double Tax Agreement (CDTA) between Australia and Hong Kong.

Hong Kong is home to over 100,000 Australian nationals, with the largest number of Australian businesses based outside Australia and our second largest expatriate community globally. As at June 2020, there were 29 regional headquarters, 50 regional offices and 85 local offices in Hong Kong with parent companies located in Australia – the 10th largest international representation of regional HQs in Hong Kong.

Hong Kong is a global financial centre and Asia's leading finance hub. It is a major logistics and transportation hub and remains the gateway to and from China for investment and capital flows. Hong Kong is Australia's 7th largest trade partner and fifth largest source of direct foreign investment.

A DTA between Australia and Hong Kong is critical for Australian business and important in strengthening the relationship between Australia and Hong Kong. Such an agreement fosters increased cross-border trade and investment between the two jurisdictions and secure economic growth into the future, whilst demonstrating a shared commitment to addressing international tax avoidance practices.



There are real and tangible advantages to Australia in terms of greater information and transparency in entering into a CDTA with Australia, including:

- providing complementarity and support to the Australia-Hong Kong Free Trade Agreement
- strengthening investment from Hong Kong into Australia
- providing greater access to information in Australia for the Treasury and, in Hong Kong for the Australian Tax Office
- protecting Australian tax residents temporarily based in Hong Kong, from Australian tax on their foreign source income (assuming they are allocated to Hong Kong under the tie-breaker provisions)
- Increasing the attractiveness of Hong Kong for leading global talent, especially international Australian executives.

Recent developments with the implementation of the OECD/G20 Base Erosion and Profit Shifting (BEPS) Inclusive Framework also underscore the need for greater certainty a CDTA can provide for Australian businesses in Hong Kong.

If you have any queries about this submission, contact myself on austcham@austcham.com.hk or by phone +852 6398 6105.

Yours sincerely,

Stefanie Evennett
Chief Executive