



強制性公積金計劃管理局
MANDATORY PROVIDENT FUND SCHEMES AUTHORITY

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By Email

21 September 2018

Circular Letter: SU/CTR/2018/003

To: All Approved Trustees

Dear Sir/Madam,

Automatic Exchange of Financial Account Information in Tax Matters (AEOI)

This circular letter serves to provide an update to all MPF approved trustees on the latest developments relating to the AEOI and highlight the implications on the Mandatory Provident Fund (MPF) schemes.

In December 2017, the Organisation for Economic Co-operation and Development conducted an assessment on Hong Kong's inclusion of MPF schemes, ORSO registered schemes, ORSO pooling agreements and approved pooled investment funds as jurisdiction-specific low-risk non-reporting financial institutions (NRFIs) and concluded that these entities should not be considered as NRFIs. To meet the international requirements, the Government will commence a legislative amendment exercise to remove these entities from the list of NRFIs under the Inland Revenue Ordinance (IRO).

After the enactment of the relevant legislation, the aforementioned entities (including MPF schemes) will become reporting financial institutions (Reporting FIs) under the AEOI regime, together with banks, specified insurance companies and other reporting FIs.

Implications of AEOI on MPF schemes

All MPF schemes will need to comply with the AEOI requirements. Under the AEOI regime, a Reporting FI is required to identify financial accounts held by tax residents of reportable jurisdictions in accordance with the specified due diligence procedures. Reporting FIs are required to collect the reportable information of these accounts and furnish such information to the Inland Revenue Department (IRD). The IRD will exchange such information with the tax authorities of the AEOI partner jurisdictions (AEOI Partners) of Hong Kong on an annual basis. It is planned that MPF schemes will start conducting due diligence procedures and collecting the relevant information from 1 January 2020 onwards. The information for the year of 2020 should be furnished to IRD in mid-2021 so that the information would be available for exchange with AEOI Partners in September 2021.

To comply with the AEOI requirements, approved trustees may wish to start the preparatory work as soon as possible. Approved trustees should critically assess the potential implications of AEOI on the MPF schemes under their trusteeship and consider the need to implement any necessary process and controls to ensure compliance with the due diligence, reporting and other obligations under the IRO.

Communication to MPF scheme members

It is important to ensure that MPF scheme members are fully informed of whether and how AEOI might affect their interests as members of the MPF schemes. Approved trustees should communicate clearly to the scheme members of the purpose of and the expectation in connection with the AEOI arrangement, in particular in terms of information collection and update. If necessary, enhanced disclosure/communication have to be made by way of member notices, frequently asked questions (FAQs) posted on websites, seminars etc.

We would also like to take this opportunity to remind you to observe the requirements under the Personal Data (Privacy) Ordinance (Cap 486) when handling MPF scheme members' personal data.

Further Information

IRD has issued guidance and reference materials such as pamphlets and FAQs, which can be accessed at www.ird.gov.hk/eng/tax/dta_aeoi.htm. If there is any doubt concerning the obligations under the AEOI, please seek professional advice as soon as possible.

If you have any questions in relation to AEOI requirements, please send your enquiry to aeoi_gen@ird.gov.hk (for general enquiry) or aeoi_it@ird.gov.hk (for enquiry relating to XML Schema and User Guide). Please also feel free to contact your supervisory manager in the Authority if you have any other queries.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Ginni Wong". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Ginni Wong
Head (Supervision)
Supervision Division

c.c. The Inland Revenue Department