Updated EU tax watch list welcomed

By www.news.gov.hk
Thursday, October 4, 2018

The Hong Kong Special Administrative Region Government today welcomed an amendment made by the European Union to its watch list on tax co-operation.

The amendment, made on October 2, recognises Hong Kong's efforts in participating in the Multilateral Convention on Mutual Administrative Assistance in Tax Matters.

Hong Kong made commitments to the EU in 2017 on participation in the convention and implementation of the automatic exchange of financial account information in tax matters (AEOI).

In December of that year, the EU put about 40 tax jurisdictions, including Hong Kong, on the watch list on the consideration these jurisdictions had demonstrated commitment to international tax co-operation.

The convention came into force in Hong Kong on September 1, allowing the city to effectively implement the AEOI and the Base Erosion & Profit Shifting package promulgated by the Organisation for Economic Co-operation & Development.

The EU has updated its watch list in view of such developments, the Government said.

Meanwhile, Hong Kong has smoothly conducted the first exchanges with relevant jurisdictions under the AEOI, it added.

Hong Kong is confident in meeting the prevailing standards on international tax co-operation and will continue to closely liaise with the EU.

Major Lantau reclamation project unveiled

By http://news.rthk.hk
Wednesday, October 10, 2018

The Chief Executive has unveiled a major reclamation project called "Lantau Tomorrow Vision" – under which about 1,700 hectares will be developed to provide homes for 1.1 million people.

Lam said this will make the city's largest island a gateway to the world as well as the Greater Bay Area.

This development will include the creation of an artificial island that will swallow up the smaller, neighbouring island of Kau Yi Chau – an idea that's been known as the East Lantau Metropolis, and has been touted by the likes of former Chief Executive Tung Chee-hwa's think tank, but heavily criticised by conservationists.

The original plan to develop an East Lantau Metropolis would create just 1,000 hectares of new land that could house 700,000 people; whereas Tung's think tank had proposed a much more ambitious proposal to develop 2,200 hectares of new land for 1.1 million people.

Lam said her "Lantau Tomorrow Vision" will provide between 260,000 and 400,000 residential flats. She said 340,000 jobs would also be created over the next two to three decades.

But reclamation work is not expected to start until 2025, and the first batch of flats will only be available in 2032.

She acknowledged that this was a long-term vision though, and to address pressing housing problems, the government will speed up studies on turning brownfield sites in the New Territories into housing.

There was also mention in the Policy Address of efforts to better utilise private land for both private and public housing. And to allay concerns about the potential for collusion with developers, Lam said no less than 60-to-70 percent of this land must be used for public housing development.

Lam acknowledged that there is no "perfect solution" for finding more land for housing and economic development, but said divergent views shouldn't be an obstacle. She said failing to act will bring greater suffering to poor families living in overcrowded environments.

The government-appointed Land Supply Task Force only completed its five-month public consultation two weeks ago, and a full analysis of the community's views is due at the end of the year.

HK to diversify economy

By www.news.gov.hk
Wednesday, October 10, 2018

Hong Kong's economy in the first half of this year grew strongly by 4% in real terms compared to the previous year, riding on the broadly positive global economic environment.

Chief Executive Carrie Lam made the statement while unveiling her Policy Address today.

However, she warned there are increasing uncertainties in the global economy, in light of the trade friction between China and the US.

The Government will closely monitor changes in the economic environment so it can respond swiftly, including providing support for affected enterprises.

Meanwhile, Mrs Lam said Hong Kong is full of development potential.

The Government will be proactive and seize opportunities stemming from the Belt & Road Initiative and the Greater Bay Area development to provide new drive for the city's economy.

She also laid out initiatives to support the maritime, insurance, film, and innovation and technology industries.

They include tax measures to foster the ship leasing business in Hong Kong, tax concessions for the marine insurance sector, facilitating Hong Kong's provision of dispute resolution services to the global maritime industry, and an injection of $200 million into the Maritime & Aviation Training Fund.

For the film industry, Mrs Lam proposed a one-off injection of $1 billion into the Film Development Fund to nurture talent, enhance local production, expand markets and build up audiences.

Measures include enhancing the First Feature Film Initiative by increasing the number of winning teams and prize sponsorship, expanding the scope of the fund to cover mid-budget films along with raising the Government's investment ceiling to enhance Hong Kong films' competitiveness in local and overseas markets, promoting the brand of Hong Kong Films through film festivals and other publicity activities on the Mainland and overseas, and encouraging more cinemas to screen local film productions.

Google considering China search engine

By http://news.rthk.hk
Tuesday, October 16, 2018

Google chief executive Sundar Pichai has acknowledged publicly for the first time that the tech giant is considering a search engine for China, saying it could offer "better information" to people than rival services.

Speaking at the Wired 25th anniversary conference late on Monday, Pichai said Google leaders "feel obliged to think hard" about China despite criticism over the possibly of cooperating with Chinese censorship.

"We are always balancing a set of values," he said, while adding that "we also follow the rule of law in every country."

Pichai described Project Dragonfly, which has drawn criticism from Google employees, lawmakers and human rights activists, as an effort to learn about what Google could offer if it resumed its search operations in China.

"It turns out we would be able to serve well over 99 percent of the (search) queries," he said onstage in a question-and-answer session.

"And there are many, many areas where we would provide better information that what is available."

Pichai offered no details on the status of the effort but said he was taking a "long-term view" on China.

"We don't know whether we would or could do this in China but we felt it was important to explore," he said.

"I think it's important for us given how important the market is and how many users there are. We feel obliged to think hard about this."

He said one area where Google's presence could help in China would be for information on medical treatments including for cancer.

"Today people either get fake cancer treatments or they actually get useful information," he said.

Google shut down its search engine in China in 2010, refusing Beijing's requirement to censor search results.

Pichai also addressed Google's decision to withdraw from a bid for a major Pentagon cloud computing project, saying the company was not opposed to working with the military but did not want to be part of automated weapons.

"We do work with the (US) military and deeply respect what they do to protect our country," he said.

Pichai added that Google continues to work on projects with the military on cybersecurity and transportation planning, for example but that "where we are being more deliberate is where AI (artificial intelligence) is used for autonomous weaponry."

HK ranked world's 7th most competitive economy

By http://news.rthk.hk
Wednesday, October 17, 2018

The World Economic Forum (WEF) on Wednesday ranked Hong Kong as the world's seventh most competitive economy, with the city dropping one spot from its position last year.

The United States topped the list of 140 economies for the first time in a decade, followed by Singapore, Germany, Switzerland, Japan, and the Netherlands.

The World Economic Forum said its "Global Competitiveness Report" is based on nearly 100 separate factors in a dozen categories that have been reworked slightly to better reflect today's rapidly changing, increasingly digitized world economy.

China came in at the 28th position and Taiwan was 13th.

Hong Kong scored strongly in areas such as its business environment and human capital, but was rated lower in its 'innovation ecosystem' – coming in 17th for 'business dynamism' and 26th in 'innovation capability'.

The authors tweaked the index this year to account in part for the effects of the 2008 financial crisis, changes in human capital and the "Fourth Industrial Revolution" — the forum's buzzword for the digital revolution that is disrupting nearly every industry around the globe at a breakneck pace.

The main takeaway of this revised edition is that no single factor makes a country stand out, and each nation should find its route to developing and improving, the authors said.

"If anything, this report is saying there are no silver bullets," Saadia Zahidi, the forum's managing director in charge of economic and social agenda, said in an interview.

"We used to say: 'You have to compete on the basis of your low-skilled labor. You need to industrialize first then you need to bring in other aspects of growth and competitiveness.' That model no longer exists, not in a world where you have cheaper capital and cheaper technology than ever before", Zahidi said.

Mega bridge to help lift retail bounty by HK$7b

By www.thestandard.com.hk

Tuesday, October 23, 2018

By 2020, Hong Kong will draw 420,000 more mainland visitors as a result of the Hong Kong-Zhuhai-Macao Bridge and retail turnover will rise by a further HK$7.1 billion, a leading commercial realtor predicts.

Coupled with the Guangzhou-Shenzhen-Hong Kong Express Rail Link, an additional 2.1 million visitors are expected per year, Jones Lang LaSalle said.

Denis Ma, head of research at JLL Hong Kong, said: "Using the 2017 average spend on shopping and dining by a mainland visitor of HK$3,400, an additional HK$7.1 billion in retail turnover per year can be expected in Hong Kong from increased tourist activity."

To cater for the influx of visitors, about 12,400 additional hotel rooms are expected to be delivered in Hong Kong between now and 2022.

Central, Wan Chai and Causeway Bay will see the highest amount of supply, with about 4,200 rooms projected to be built. This should provide solid retailing demand in those established shopping neighborhoods, JLL predicts.

HSBC profits up 28% at US$5.9 bn in third quarter

By http://news.rthk.hk

Monday, October 29, 2018

HSBC has posted a 28 percent growth in quarterly profit, exceeding market expectations.

Pretax profit came in at US$5.9 billion in the third quarter – up from US$4.6 billion in the same period a year ago.

Revenue grew 6 percent to just under US$13.8 billion during the period. Operating costs fell nearly 7 percent to just under US$8 billion.

The bulk of the quarterly profit, US$4.45 billion, came from the bank's Asian business and almost US$3 billion of that was generated in Hong Kong, boosted by retail banking and HSBC's wealth management business.

HSBC's chief executive, John Flint, said the bank remains committed to growing profits, generating value for shareholders and improving the service to its customers around the world.

The bank's shares rose 0.9 percent in Hong Kong by the midday break ahead of the announcement, but they have lost almost 25 percent since the start of the year.

China to reduce taxes for enterprises

By www.thestandard.com.hk
Tuesday, October 30, 2018

China is expected to increase tax and fee reductions for enterprises as part of efforts to bring down the burden on the real economy, according to China Securities Journal.

Finance Minister Liu Kun has said enterprises' cost is expected to drop by more than 1.3 trillion yuan this year, adding that more large-scale and effective policies are in the pipeline.

Planned measures include simplifying tax brackets of value-added tax and lowering social insurance premiums, said the paper, Xinhua reports.

VAT and enterprise income tax, two major parts of the country's taxation system, should be the focus of tax reduction measures, said Liu Shangxi, head of the Chinese Academy of Fiscal Sciences.

"The current three VAT brackets could be merged into two and the change should take place as soon as possible," Liu said, adding that the 16-percent rate, the highest bracket followed by 10 percent and 6 percent, should be lowered.

Liu suggested China lower the rates of enterprise income tax. "The current general rate is 25 percent, with 20 percent for small companies and 15 percent for high-tech firms, which means there is room for further reduction. The tax policy should also be more standard, fair, and transparent."

Apart from cutting taxes, the requirement rate of social insurance premiums is also expected to be cut down to relieve burdens on businesses.

Jia Kang, the chief economist of the China Academy of New Supply-side Economics, advised putting China's social insurance premium from different regions into the same "pool" so as to improve capital's mutual aid functions and lower the baseline of endowments in social insurance.

China unveiled a string of policies to reduce taxes and fees at the beginning of this year.

The room for further tax reductions comes from three aspects -- unnecessary fiscal expenditures, imperfect government spending structure, and relatively weak tax collection, Liu said. "If measures are implemented on the three aspects simultaneously, tax reduction will not increase deficit or debts."