

**AGREEMENT BETWEEN THE COMPETENT AUTHORITIES OF  
THE HONG KONG SPECIAL ADMINISTRATIVE REGION  
OF THE PEOPLE'S REPUBLIC OF CHINA AND GUERNSEY  
ON THE AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT  
INFORMATION TO IMPROVE INTERNATIONAL TAX COMPLIANCE**

Whereas, the Governments of the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong") and Guernsey have a longstanding and close relationship with respect to mutual assistance in tax matters and desire to improve international tax compliance by further building on that relationship;

Whereas, the laws of the respective jurisdictions require or are expected to require financial institutions to report information regarding certain accounts and follow related due diligence procedures, consistent with the scope of exchange contemplated by Section 2 of this Agreement and the reporting and due diligence procedures set out in the Common Reporting Standard;

Whereas, Article 24 of the Agreement between the Government of the Hong Kong Special Administrative Region of the People's Republic of China and the Government of Guernsey for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "DTA"), authorises the exchange of information for tax purposes, including the exchange of information on an automatic basis, and allows the competent authorities of Hong Kong and Guernsey (the "Competent Authorities") to agree the scope and modalities of such automatic exchanges;

Whereas, Hong Kong and Guernsey have in place (i) appropriate safeguards to ensure that the information received pursuant to this Agreement remains confidential and is used solely for the purposes set out in the DTA, and (ii) the infrastructure for an effective exchange relationship (including established processes for ensuring timely, accurate, and confidential information exchanges, effective and reliable communications, and capabilities to promptly resolve questions and concerns about exchanges or requests for exchanges and to administer the provisions of Section 4 of this Agreement);


Whereas, the Competent Authorities desire to conclude an agreement to improve international tax compliance based on reciprocal automatic exchange pursuant to the DTA, and subject to the confidentiality and other protections provided for therein, including the provisions limiting the use of the information exchanged under the DTA;

Now, therefore, the Competent Authorities have agreed as follows:

## SECTION 1

### Definitions

1. For the purposes of this agreement (“Agreement”), the following terms have the following meanings:
  - (a) the term “**Hong Kong Special Administrative Region (Hong Kong)**” means any territory where the tax laws of the Hong Kong Special Administrative Region of the People’s Republic of China apply;
  - (b) the term “**Guernsey**” means the States of Guernsey and, when used in a geographical sense, means Guernsey, Alderney and Herm, including the territorial sea adjacent to those islands, in accordance with international law, save that any reference to the law of Guernsey is to the law of the island of Guernsey as it applies there and in the islands of Alderney and Herm;
  - (c) the term “**Competent Authority**” means:
    - (i) in the case of Hong Kong, the Commissioner of Inland Revenue or his authorised representative; and
    - (ii) in the case of Guernsey, the Director of Income Tax or his authorised representative;



- (d) the term “**Hong Kong Financial Institution**” means (i) any Financial Institution that is resident in Hong Kong, but excludes any branch of that Financial Institution that is located outside Hong Kong, and (ii) any branch of a Financial Institution that is not resident in Hong Kong, if that branch is located in Hong Kong;
- (e) the term “**Guernsey Financial Institution**” means (i) any Financial Institution that is resident in Guernsey, but excludes any branch of that Financial Institution that is located outside Guernsey, and (ii) any branch of a Financial Institution that is not resident in Guernsey, if that branch is located in Guernsey;
- (f) the term “**Reporting Financial Institution**” means any Hong Kong Financial Institution or Guernsey Financial Institution, as the context requires, that is not a Non-Reporting Financial Institution;
- (g) the term “**Reportable Account**” means a Hong Kong Reportable Account or a Guernsey Reportable Account, as the context requires, provided it has been identified as such pursuant to due diligence procedures, consistent with the Common Reporting Standard, in place in Hong Kong or Guernsey;
- (h) the term “**Hong Kong Reportable Account**” means a Financial Account that is maintained by a Guernsey Reporting Financial Institution and held by one or more Hong Kong Persons that are Reportable Persons or by a Passive NFE with one or more Controlling Persons that is a Hong Kong Reportable Person;
- (i) the term “**Guernsey Reportable Account**” means a Financial Account that is maintained by a Hong Kong Reporting Financial Institution and held by one or more Guernsey Persons that are Reportable Persons or by a Passive NFE with one or more Controlling Persons that is a Guernsey Reportable Person;
- (j) the term “**Hong Kong Person**” means an individual or Entity that is identified by a Guernsey Reporting Financial Institution as resident in



Hong Kong pursuant to due diligence procedures consistent with the Common Reporting Standard, or an estate of a decedent that was a resident of Hong Kong;

- (k) the term “**Guernsey Person**” means an individual or Entity that is identified by a Hong Kong Reporting Financial Institution as resident in Guernsey pursuant to due diligence procedures consistent with the Common Reporting Standard, or an estate of a decedent that was a resident of Guernsey;
  - (l) the term “**TIN**” means a Hong Kong TIN or a Guernsey TIN, as the context requires;
  - (m) the term “**Hong Kong TIN**” means the Hong Kong Identity Card number in the case of an individual, or the Business Registration number in the case of an entity;
  - (n) the term “**Guernsey TIN**” means a Social Security Number.
2. Any capitalised term not otherwise defined in this Agreement will have the meaning that it has at that time under the law of the jurisdiction applying the Agreement, such meaning being consistent with the meaning set forth in the Common Reporting Standard. Any term not otherwise defined in this Agreement or in the Common Reporting Standard will, unless the context otherwise requires or the Competent Authorities agree to a common meaning (as permitted by internal law), have the meaning that it has at that time under the law of the jurisdiction applying this Agreement, any meaning under the applicable tax laws of that jurisdiction prevailing over a meaning given to the term under other laws of that jurisdiction.



## SECTION 2

### Exchange of Information with Respect to Reportable Accounts

1. Pursuant to the provisions of Article 24 of the DTA and subject to the applicable reporting and due diligence rules consistent with the Common Reporting Standard, each Competent Authority will annually exchange with the other Competent Authority on an automatic basis the information obtained pursuant to such rules and specified in paragraph 2.
2. The information to be exchanged is, in the case of Hong Kong with respect to each Guernsey Reportable Account, and in the case of Guernsey with respect to each Hong Kong Reportable Account:
  - (a) the name, address, TIN(s) and date and place of birth (in the case of an individual) of each Reportable Person that is an Account Holder of the account and, in the case of any Entity that is an Account Holder and that, after application of due diligence procedures consistent with the Common Reporting Standard, is identified as having one or more Controlling Persons that is a Reportable Person, the name, address, and TIN(s) of the Entity and the name, address, TIN(s) and date and place of birth of each Reportable Person;
  - (b) the account number (or functional equivalent in the absence of an account number);
  - (c) the name and identifying number (if any) of the Reporting Financial Institution;
  - (d) the account balance or value (including, in the case of a Cash Value Insurance Contract or Annuity Contract, the Cash Value or surrender value) as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the closure of the account;
  - (e) in the case of any Custodial Account:

- (i) the total gross amount of interest, the total gross amount of dividends, and the total gross amount of other income generated with respect to the assets held in the account, in each case paid or credited to the account (or with respect to the account) during the calendar year or other appropriate reporting period; and
  - (ii) the total gross proceeds from the sale or redemption of Financial Assets paid or credited to the account during the calendar year or other appropriate reporting period with respect to which the Reporting Financial Institution acted as a custodian, broker, nominee, or otherwise as an agent for the Account Holder;
- (f) in the case of any Depository Account, the total gross amount of interest paid or credited to the account during the calendar year or other appropriate reporting period; and
- (g) in the case of any account not described in subparagraph 2(e) or (f), the total gross amount paid or credited to the Account Holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the Reporting Financial Institution is the obligor or debtor, including the aggregate amount of any redemption payments made to the Account Holder during the calendar year or other appropriate reporting period.

### **SECTION 3**

#### **Time and Manner of Exchange of Information**

1. For the purposes of the exchange of information in Section 2, the amount and characterisation of payments made with respect to a Reportable Account may be determined in accordance with the principles of the tax laws of the jurisdiction exchanging the information.

2. For the purposes of the exchange of information in Section 2, the information exchanged will identify the currency in which each relevant amount is denominated.
3. With respect to paragraph 2 of Section 2, and subject to the notification procedure set out in Section 7, including the dates specified therein,
  - (a) in the case of Hong Kong, information is to be first exchanged with respect to the period commencing on the earlier of: (i) 1 July 2017, or (ii) the date stipulated in the internal law of Hong Kong for this purpose, and ending on 31 December 2017, and all subsequent reporting periods will cover 12 months ending on 31 December;
  - (b) in the case of Guernsey, information is to be first exchanged with respect to the period which is the 2017 calendar year, and all subsequent reporting periods will cover 12 months ending on 31 December.

The information will be exchanged within nine months after the end of the reporting period to which the information relates. Notwithstanding the foregoing sentence, information is only required to be exchanged with respect to a reporting period if both jurisdictions have in effect legislation that requires reporting with respect to such reporting period that is consistent with the scope of exchange provided for in Section 2 and the reporting and due diligence procedures contained in the Common Reporting Standard.

4. Notwithstanding paragraph 3, the information to be exchanged with respect to the first reporting period is the information described in paragraph 2 of Section 2, except, in the case of Hong Kong, for gross proceeds described in subparagraph 2(e)(ii) of Section 2 for each Guernsey Reportable Account, which is to be exchanged with respect to the year 2018 and all subsequent years.



5. The Competent Authorities will automatically exchange the information described in Section 2 in the common reporting standard schema in Extensible Markup Language.
6. The Competent Authorities will work towards and agree on one or more methods for data transmission, including encryption standards.

## **SECTION 4**

### **Collaboration on Compliance and Enforcement**

A Competent Authority will notify the other Competent Authority when the first-mentioned Competent Authority has reason to believe that an error may have led to incorrect or incomplete information reporting or there is non-compliance by a Reporting Financial Institution with the applicable reporting requirements and due diligence procedures consistent with the Common Reporting Standard. The notified Competent Authority will take all appropriate measures available under its internal law to address the errors or non-compliance described in the notice.

## **SECTION 5**

### **Confidentiality and Data Safeguards**

1. All information exchanged is subject to the confidentiality rules and other safeguards provided for in the DTA, including the provisions limiting the use of the information exchanged and, to the extent needed to ensure the necessary level of protection of personal data, in accordance with the safeguards which may be specified by the supplying Competent Authority as required under its internal law.
2. Each Competent Authority will notify the other Competent Authority immediately regarding any breach of confidentiality or failure of safeguards and any sanctions and remedial actions consequently imposed.

## **SECTION 6**

### **Consultations and Amendments**

1. If any difficulties in the implementation or interpretation of this Agreement arise, either Competent Authority may request consultations to develop appropriate measures to ensure that this Agreement is fulfilled.
2. This Agreement may be amended by written agreement of the Competent Authorities. Unless otherwise agreed upon, such an amendment is effective on the first day of the month following the expiration of a period of one month after the date of the later of the notifications exchanged for purposes of such written agreement.

## **SECTION 7**

### **Term of Agreement**

1. This Agreement will come into effect on the date of the later of the notifications provided by each Competent Authority to the other Competent Authority confirming:
  - (a) that its jurisdiction has the necessary laws in place to implement the Common Reporting Standard and specifying the relevant effective dates with respect to Preexisting Accounts, New Accounts, and the application or completion of the reporting and due diligence procedures;
  - (b) the method(s) for data transmission including encryption;
  - (c) the safeguards, if any, for the protection of personal data required under the internal law of the supplying Competent Authority and to be complied with by the receiving Competent Authority;

- (d) that it has in place adequate measures to ensure the required confidentiality and data safeguards standards are met and attaching the completed confidentiality and data safeguard questionnaire; and
- (e) that the jurisdiction is in a position to comply with the data protection safeguards, if any, specified by the other Competent Authority in its notification pursuant to paragraph 1(c) of Section 7.

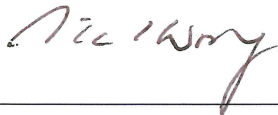
Each Competent Authority must notify the other Competent Authority promptly, of any subsequent change to be made to the above-mentioned notifications.

2. A Competent Authority may suspend the exchange of information under this Agreement by giving notice in writing to the other Competent Authority that it has determined that there is or has been significant non-compliance by the other Competent Authority with this Agreement. Such suspension will have immediate effect. For the purposes of this paragraph, significant non-compliance includes, but is not limited to, non-compliance with the confidentiality and data safeguard provisions of this Agreement and the DTA, a failure by the Competent Authority to provide timely or adequate information as required under this Agreement or defining the status of Entities or accounts as Non-Reporting Financial Institutions and Excluded Accounts in a manner that frustrates the purposes of the Common Reporting Standard.
3. Either Competent Authority may terminate this Agreement by giving notice of termination in writing to the other Competent Authority. Such termination will become effective on the first day of the month following the expiration of a period of 12 months after the date of the notice of termination. In the event of termination, all information previously received under this Agreement will remain confidential and subject to the terms of the DTA.



Signed in duplicate in St Peter Port on 13<sup>th</sup> MARCH 2017 and in Paris  
on 16<sup>th</sup> March 2017 in the English language.

Competent Authority for  
the Hong Kong Special Administrative  
Region of the People's Republic of China



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WONG Kuen-fai  
Commissioner of Inland Revenue  
Inland Revenue Department

Competent Authority for  
Guernsey



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Tim Loveridge  
Director of Income Tax