



Hong Kong Tax Newsflash

Draft legislation on the Administrative Framework Enhancement for Automatic Exchange of Information gazetted

Hong Kong | Tax & Business Advisory | 2 April 2026 | Issue 264

Following the public consultation between December 2025 and February 2026, the Hong Kong Government has gazetted the Inland Revenue (Amendment) (Automatic Exchange of Information) Bill 2026 (the Amendment Bill) on 27 March 2026. The Amendment Bill would be introduced into the Legislative Council (LegCo) to strengthen the existing administrative framework for Hong Kong’s Common Reporting Standard (CRS) regime, in response to comments raised by the Organisation for Economic Co-operation and Development (OECD) in its second round of peer review on the effectiveness of Hong Kong’s Automatic Exchange of Financial Account Information (AEOI) implementation.

The Amendment Bill focuses on enhancing compliance and enforcement for reporting financial institutions (RFIs) under the current CRS regime. It does not cover the Crypto-Asset Reporting Framework (CARF) or the amended CRS regime (also referred to as CRS 2.0), which is expected to be addressed under separate legislative exercise(s).

Key Highlights of the Amendment Bill

Mandatory Registration for RFIs

All RFIs in Hong Kong are required to register on the AEOI Portal for CRS reporting purposes, regardless of whether they maintain any reportable accounts or have information to report. The timeline for registration is as follows:

Existing RFIs that remain unregistered by 31 December 2026	Register by 31 March 2027
Financial institutions becoming RFIs since 1 January 2027	Register by 31 January of the following calendar year in which the financial institutions first become RFIs

Under certain circumstances, if an RFI (e.g. a trust or a sub-fund) has been registered under the account of another RFI (e.g. the trustee of the trust or the umbrella fund of the sub-fund) and relevant CRS data (including nil reporting) is reported by such another RFI, the RFI (e.g. a trust or a sub-fund) is not required to register separately.

Enhanced Record-Keeping Requirements

RFIs are required to keep relevant record for a period of six years after the due date by which the CRS return is required to be furnished (instead of from the date the return is furnished). For dissolved RFIs, every person who was a director (or if there was no director, a trustee or person who was responsible for the management) of the RFI immediately before the dissolution must ensure records are retained for the full six-year retention period and notify Inland Revenue Department (IRD) within one month of the dissolution. RFIs that have ceased business but have not

been dissolved are also subject to the six-year record keeping requirement and must notify the IRD within one month of its cessation.

Strengthened Penalties and Enforcement

The Amendment Bill introduces new or enhanced sanctions in respect to RFI's non-compliance and penalties calculated based on the number of financial accounts involved for certain offences. An administrative penalty mechanism (assessed by the Commissioner or Deputy Commissioner of the IRD, with right to appeal to the Board of Review) is also added as a time and cost-effective alternative to prosecution. Service providers and former officers of dissolved RFIs may also be subject to penalties under the Amendment Bill.

The key proposed administrative penalties for failures are summarized as follows:

Offences	New Penalties
Failure to register an account in the AEOI Portal	Liable to a fine at level 3 (HK\$10,000) and a further fine of HK\$500 for each day of continuing offence after conviction
Making an incorrect or incomplete return or providing incorrect or incomplete information or statements;	Liable to a fine at level 3 (HK\$10,000) or HK\$1,000 for each financial account involved, whichever is the higher
Failure to notify IRD of the discovery of misleading, false or inaccurate return, information or statements	
Failure to establish, maintain and carry out due diligence procedures	
Failure to notify IRD of the discovery of misleading, false or inaccurate information in a return	
Failure to notify IRD of cessation of being an RFI within a specified timeframe	Liable to a fine at level 3 (HK\$10,000)
Failure to notify IRD of change of contact details upon cessation of being an RFI within a specified timeframe	
Failure to keep sufficient records for a specified period	
Failure to notify IRD of dissolution of RFI within a specified timeframe	
Failure to notify IRD of change of contact details upon dissolution within a specified timeframe	
An RFI which knowingly or recklessly provides misleading, false or inaccurate information in a material particular when furnishing returns, statements or information, or having no reasonable ground to believe that the information is true or accurate	Liable to a fine at level 4 (HK\$25,000) or HK\$5,000 for each financial account involved, whichever is higher
An RFI which provides misleading, false or inaccurate information in a material particular when furnishing returns, statements or information with intent to defraud	On summary conviction: Liable to a fine at level 5 (HK\$50,000) or HK\$10,000 for each financial account involved, whichever is higher, and imprisonment for 6 months On indictment: Liable to a fine at level 6 (HK\$100,000) or HK\$20,000 for each financial account involved, whichever is higher, and imprisonment for 3 years

Implementation Timeline

Subject to the LegCo's scrutiny, the Amendment Bill is targeted to be passed by LegCo by the end of June 2026, enabling Hong Kong to timely report the implementation progress to the OECD. The legislative amendments are set to take effect on 1 January 2027.

What's Next?

The Amendment Bill is expected to complete its LegCo passage by end of June 2026 and it is expected that the IRD will issue updated CRS guidelines in due course. The draft legislation for implementing CARF and CRS 2.0 is expected to follow subsequently and stakeholders are encouraged to stay informed as further details emerge.

Our Observations

The Amendment Bill demonstrates Hong Kong's swift and decisive response to OECD's peer-review comments, moving from a largely self-assessment model to a more robust, registration-based oversight regime that aligns with other CRS participating jurisdictions.

The introduction of per-account penalties and mandatory registration for all RFIs (even those with nil returns) will significantly raise the compliance expectation, particularly for financial institutions with large client bases. While the two-month extension on registration deadline and the removal of redundant notification requirements are welcome reliefs, the absence of a penalty cap and soft-landing period signals that IRD expects higher standards on compliance.

Recommended Actions for RFIs

To prepare effectively, RFIs should consider the following steps:

- Immediately review all group entities to identify all RFIs that need to register by 31 March 2027.
- Implement enhanced internal controls or processes to register new RFIs from 2027.
- Update record-retention policies and dissolution/cessation procedures.
- Strengthen due diligence and reporting processes, as penalties can now scale up with the number of accounts.
- Engage service providers to ensure understanding of the new obligations and potential liability.
- Monitor the upcoming developments of CARF / amended CRS Bill, expected to be released in the second half of 2026.

We will continue to monitor the developments and provide further updates once the Amendment Bill is enacted and IRD releases detailed guidelines. Stakeholders with questions on impact assessment or preparation steps are welcome to contact our team.

Tax Newsflash is published for the clients and professionals of Deloitte Touche Tohmatsu. The contents are of a general nature only. Readers are advised to consult their tax advisors before acting on any information contained in this newsletter.

Authors

Candy Chan

Tax Partner

+852 2852 5886

cancha@deloitte.com.hk

Edmond Lam

Tax Partner

+852 2238 7564

elam@deloitte.com.hk

Eionia Cheung

Senior Tax Manager

+852 2740 8663

eicheung@deloitte.com.hk

Rachel Ho

Senior Tax Manager

+852 2109 5345

raho@deloitte.com.hk

For more information, please contact:

Tax & Business Advisory

Southern Region Leader

Jennifer Zhang

Tax Partner

+852 2258 6228

jennifzhang@deloitte.com.hk

Hong Kong Leader

Anthony Lau

Tax Partner

+852 2852 1082

antlau@deloitte.com.hk

About Deloitte

Deloitte China provides integrated professional services, with our long-term commitment to be a leading contributor to China's reform, opening-up and economic development. We are a globally connected firm with deep roots locally, owned by our partners in China. With over 20,000 professionals across 31 Chinese cities, we provide our clients with a one-stop shop offering world-leading audit, tax and consulting services.

We serve with integrity, uphold quality and strive to innovate. With our professional excellence, insight across industries, and intelligent technology solutions, we help clients and partners from many sectors seize opportunities, tackle challenges and attain world-class, high-quality development goals.

The Deloitte brand originated in 1845, and its name in Chinese (德勤) denotes integrity, diligence and excellence. Deloitte's global professional network of member firms now spans more than 150 countries and territories. Through our mission to make an impact that matters, we help reinforce public trust in capital markets, enable clients to transform and thrive, empower talents to be future-ready, and lead the way toward a stronger economy, a more equitable society and a sustainable world.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which is a separate and independent legal entity, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Bengaluru, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Mumbai, New Delhi, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

This communication contains general information only, and none of DTTL, its global network of member firms or their related entities is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication.