

保險業監理處

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11 October 2013

To: Chief Executives of all authorized long term insurers

Dear Sirs,

**Preparation for the Implementation of
US Foreign Account Tax Compliance Act (“FATCA”)**

As you are aware, the U.S. has enacted the FATCA legislation to combat tax evasion by U.S. persons with offshore financial accounts. FATCA will become effective on 1 July 2014 in accordance with the latest timeline stipulated by the U.S. Internal Revenue Service (“IRS”).

All foreign financial institutions (“FFIs”), which include insurance companies in Hong Kong, with U.S. sourced income will be required to enter into FFI agreements with the IRS in order to avoid a 30% withholding tax to be imposed on their U.S. sourced income.

Authorized insurers are urged to thoroughly evaluate their situations by seeking appropriate legal advice, ascertain whether they would fall within the definition of FFIs subject to FATCA obligations and, if so, implement appropriate procedures to ensure compliance with the FATCA requirements. Authorized insurers should ensure strict compliance with applicable legislations, in particular the Personal Data (Privacy) Ordinance (Cap. 486).

To facilitate compliance with FATCA by FFIs in Hong Kong in a manner that reduces their overall reporting burden, the Hong Kong SAR Government has been in close dialogue with the U.S. Department of the Treasury with the objective of concluding an inter-governmental agreement (IGA).

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In view of the significant potential impact of FATCA on insurers in Hong Kong, the Insurance Authority will urge the Hong Kong Federation of Insurers to provide adequate guidance and support to the insurers concerned.

If you have any questions relating to this circular, please contact your case officers or Mr. Joe Wong at 2867 2694 accordingly.

Yours faithfully,

(Ms. Carol M. Y. HUI)
for Commissioner of Insurance
(Insurance Authority)

c.c. Mr. Mike S C Lee
Chairman, Life Insurance Council
The Hong Kong Federation of Insurers

Mr. Lennard Yong
Chairman, Task Force on FATCA
The Hong Kong Federation of Insurers