



Senator the Hon Penny Wong
Minister for Foreign Affairs
Department of Foreign Affairs and Trade
RG Casey Building
John McEwen Crescent
Barton ACT 0221 Australia

18 October 2023

Dear Minister

On behalf of AustCham Hong Kong I am writing to express our concerns that the Government's proposed changes to the Australian individual tax residency rules will unduly impact Australian business operations and Australian residents in Hong Kong, the ability of Australian businesses to attract and retain international talent, and the appetite for foreign investment to Australia.

The Chamber submitted a formal response to the Treasury's consultation '*Modernising the individual tax residency rules*' that outlines in detail our concerns and proposes the introduction of a tie-breaker test for individuals who reside in jurisdictions, such as Hong Kong, without a Double Taxation Agreement (DTA). I enclose a copy of the submission with this letter.

The proposed new residency rules will result in an inequitable outcome for Hong Kong-based business and employees. We are deeply worried that the proposals will prove to be adverse to Australian businesses as it will materially impact their ability to attract and retain staff and executives to and in Hong Kong. It follows that this will have a significant detrimental impact on the role and influence of Australia in the region at a critical time, when continued deep engagement on the ground is required. The proposals may also deter international investment in Australia and the appeal of Australia as a preferred destination for international talent. Mobility of talent is an essential ingredient to unlocking innovation and boosting investment in areas that rely on international expertise – for example, renewable energy, artificial intelligence, resources decarbonisation, health technology – and are critical for Australia's future development.

We are encouraged by positive developments in relations between Australia and China, including the upcoming visit of the Prime Minister to Beijing. The Hong Kong government remains committed to pursuing a DTA with Australia. Enacting a DTA would bring Hong Kong into line with other major trade and investment jurisdictions, including China and Singapore.

Hong Kong remains one of the world's leading financial centres and plays an enduring pivotal role as a springboard into mainland China. With Australia's largest commercial presence in Asia and home to one of the largest Australian communities abroad, it is vital that any changes to taxation rules do not negatively impact Australian business at a time when growth, innovation and employment are so critical.

The Chamber would be extremely grateful for any support from you and your department on this issue.

Yours sincerely

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Josephine Orgill
Chair

cc:

Jan Adams, Secretary of the Department of Foreign Affairs and Trade

Meghan Quinn PSM, Secretary of the Department of Industry, Science and Resources



Senator the Hon Don Farrell
Minister for Trade, Tourism and Investment
Department of Foreign Affairs and Trade
RG Casey Building
John McEwen Crescent
Barton ACT 0221 Australia

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Jan Adams, Secretary of the Department of Foreign Affairs and Trade

Meghan Quinn PSM, Secretary of the Department of Industry, Science and Resources



The Hon Madeleine King MP
Minister for Resources
Department of Industry, Science and Resources
Industry House
10 Binara Street
Canberra Australia

18 October 2023

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The Hon Ed Husic MP
Minister for Industry and Science
Department of Industry, Science and Resources
Industry House
10 Binara Street
Canberra Australia

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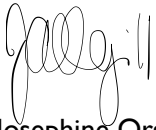
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Jan Adams, Secretary of the Department of Foreign Affairs and Trade

Meghan Quinn PSM, Secretary of the Department of Industry, Science and Resources



Hon Tim Watts MP
Assistant Minister for Foreign Affairs
Department of Foreign Affairs and Trade
RG Casey Building
John McEwen Crescent
Barton ACT 0221 Australia

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Dear Assistant Minister

On behalf of AustCham Hong Kong I am writing to express our concerns that the Government's proposed changes to the Australian individual tax residency rules will unduly impact Australian business operations and Australian residents in Hong Kong, the ability of Australian businesses to attract and retain international talent, and the appetite for foreign investment to Australia.

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Senator the Hon Tim Ayres
Assistant Minister for Manufacturing and Assistant Minister for Trade
Department of Industry, Science and Resources

Industry House
10 Binara Street
Canberra Australia

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