

Support Measures to Tide Over COVID-19 Challenge

Since the beginning of this year, the HKSAR Government has launched three rounds of measures totalling HK\$287.5 billion (about US\$37 billion or S\$51 billion), which is equivalent to 10% of Hong Kong's GDP, to help offset the economic fallout from COVID-19. They include the HK\$120 billion relief package in the 2020-21 Budget, the HK\$30 billion Anti-epidemic Fund and HK\$137.5 billion relief package announced on April 8.

2020-21 Budget



The Financial Secretary, Mr Paul Chan (second left), held a press conference on the 2020-21 Budget on February 26.

Focusing on "supporting enterprises, safeguarding jobs, stimulating the economy and relieving people's burden", the Financial Secretary, Mr Paul Chan, unveiled his 2020-21 Budget on February 26. Here are some of the counter-cyclical initiatives to support enterprises to cope with the impact of economic downturn and COVID-19.

Stimulate the economy Smoothen livelihoods

- Extra **1** month allowance of standard CSSA payment, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements will apply to Work Incentive Transport Subsidy
- Pay **1** month's rent for lower income tenants living in public rental units
- Pay examination fees for candidates sitting 2021 HKDSE Examination

Concessionary low-interest loan

Introduce a **concessionary low-interest loan** with **100%** Government guarantee for enterprises, which will be open for application for **6** months. Maximum loan of **\$2** million with repayment period up to **3** years. Moratorium on principal repayment for first **6** months

- Reduce profits tax for 2019-20 assessment year by **100%**, subject to a **\$20,000** ceiling
- Waive rates for non-domestic properties for 2020-21, subject to a ceiling of **\$5,000** per quarter in first two quarters and **\$1,500** per quarter for remaining two quarters

Continue to implement relief measures announced last year

- Electricity charges for non-residential account: subsidise **75%** of charges for **4** extra months, subject to a monthly cap of **\$5,000**
- Water and sewage charges of non-domestic households: waive **75%** of charges for **4** extra months, subject to a monthly cap of **\$20,000** and **\$12,500** respectively
- Local recycling enterprises: provide **\$100** million rental subsidy for **6** months
- Rental for Government properties/properties covered by short-term and temporary waivers: **50%** reduction for **6** months

Cash payout

\$10,000 cash payout to Hong Kong permanent residents aged 18 or above

- Reduce salaries tax and tax under personal assessment for 2019-20 assessment year by **100%**, subject to ceiling of **\$20,000**
- Waive rates of domestic properties for four quarters of 2020-21, subject to a **\$1,500** ceiling per quarter

Support employees

- Additional annual funding of **\$30** million to enhance Labour Department employment programmes. Raise ceiling of on-the-job training allowance
- Provide **\$2.5** billion to the Employees Retraining Board to enhance the Love Upgrading Special Scheme. Increase the maximum monthly allowance of trainees to **\$5,800**
- Construction Industry Council to allocate **\$200** million for training allowances for workers, and subsidising SME contractors and registered subcontractors with a ceiling of **\$20,000** each

Support enterprises Safeguard jobs

- Waive business registration fees for 2020-21
- Waive registration fees for company annual returns for **2** years
- Hire charges for civic centres under Leisure and Cultural Services Department: **50%** reduction for **6** months
- Fees and rent for cruise lines and cruise terminal tenants: reduction for **6** months

Anti-epidemic Fund

The HK\$30 billion Fund was established in February, aiming to ease the burden on businesses and the community during the fight against COVID-19. HK\$16.9 billion has been earmarked to support enterprises and safeguard jobs. The initiatives include the following:

- One-off subsidy of \$80,000 to each licensed **travel agent**.
- One-off subsidy of \$200,000 to each eligible licensed **restaurant and factory canteen**.
- One-off subsidy of \$80,000 to each eligible licensed **light refreshment restaurant, food factory, bakery, fresh provision shop, and siu mei and lo mei shops**.
- A subsidy of up to \$80,000 to each licensed **guesthouse**.
- Setting aside \$5.6 billion to provide a **one-off subsidy to each eligible retailer**.
- Setting aside \$3.23 billion to provide comprehensive and continuous financial support to the **various transport trades**.
- Setting aside \$1.02 billion to support the **convention and exhibition industry** by providing subsidies to participants and organisers of major conventions and exhibitions.
- Setting aside \$380 million to provide a six-month rental waiver for tenants and start-ups at Hong Kong Science Park, Cyberport and industrial estates to support the **innovation and technology sector**.

Targeted Relief Package

\$81 billion Employment Support Scheme



- The Government will provide **wage subsidies** to eligible employers who undertake **not to make workers redundant** during the subsidy period, and to spend **100%** of the subsidy on paying wages for their employees.
- All employers who have been making Mandatory Provident Fund (MPF) contributions or have set up Occupation Retirement Schemes for employees are eligible (except the HKSARG, statutory bodies and subvented staff in Government funded organisations, etc). 1.5 million employees are expected to benefit.
- Wage subsidies for each employer calculated on **50%** of salary at a "specified month"^{*} (**capped at a salary of \$18,000**) for 6 months. To be disbursed to employers in two tranches, with the first before end-June 2020.
- Grant a **one-off lump-sum subsidy of \$7,500** to about 215 000 **self-employed persons** who have made MPF contributions in the past 15 months.
- About 800 000 persons in three sectors, i.e. construction, catering and road transport (mainly taxi and red minibus drivers), which are not well covered by MPF, will be taken care of by the respective sector-specific schemes.

^{*} Employers may choose any one month from January to March 2020 taking into account their own circumstances. If the number of employees and payrolls in January are higher than those in subsequent months, the wage subsidies to be disbursed by the Government will enable employers to rehire employees to meet their operational needs.

Supporting the unemployed

- Temporarily **relax the asset limits for able-bodied applicants of the Comprehensive Social Security Assistance (CSSA) Scheme** by 100% for 6 months. Expect to benefit 40 000 households. The CSSA is a household-based scheme, helping recipients meet their basic needs. The value of an owner-occupied residential property of able-bodied households will be disregarded as asset for a grace period of 12 months.

Job creation

- **Invest \$6 billion** to create around **30 000 jobs** in the public and private sectors for people of different skill sets and academic qualifications, benefitting professionals and technicians, fresh graduates, middle level and grassroots workers.
- The Government will **recruit about 10 000 civil servants and create about 5 000 short-term intern positions** for young people in the coming year.

Major measures under the second round of AEF include:

- **Tourism Industry** – Subsidy to licensed travel agents **ranging from \$20,000 to \$200,000**; travel agents' staff and active freelance tourist guides and tour escorts will each receive a monthly subsidy of \$5,000 for 6 months; licensed hotels will receive a subsidy of \$300,000 or \$400,000 and tour coach drivers a one-off subsidy of \$10,000.
- **Passenger Transport** – Reimburse 100% of the actual regular repair and maintenance costs and insurance premium for **6 months** for the franchised bus companies, franchised/licensed ferry operators and the Tramways Limited; provide the registered owner of a taxi, red minibus, non-franchised bus, school private light bus and hire car, as well as the licence holder of green minibus service a one-off subsidy of **\$30,000** for each vehicle; provide each eligible active taxi and red minibus driver a monthly subsidy of **\$6,000** for 6 months.
- **Catering Sector** – Subsidy **ranging from \$250,000 to \$2.2 million** (paid in two tranches during a 6-month period) for licensed catering outlets selling or supplying food for consumption on their premises. To support employment, catering outlets receiving the subsidy are required to undertake not to implement redundancy of staff during the subsidy period, and that not less than 80% of the subsidy for the respective months would be used for paying staff salaries. About 16 000 licensed catering outlets and their employees are expected to benefit, involving about \$9.5 billion.
- **Aviation Industry** – One-off subsidy of \$1 million per large aircraft and \$200,000 per small aircraft will be provided to the eligible air operators. Aviation support services and cargo facility operators at HKIA will receive a one-off subsidy of up to **\$3 million**.
- **Education sector** – One-off relief grant of **\$80,000** will be offered to each eligible catering outlet (namely, tuck shops, canteens, and restaurants) in primary schools, secondary schools, University Grants Committee-funded universities, the Vocational Training Council and self-financing post-secondary institutions.
- **Construction sector** – One-off subsidy of **\$7,500** to each eligible construction worker; and \$20,000 or \$10,000 to each construction-related enterprise not eligible for the first-round measures. Such enterprises include eligible constructors, specialist contractors, works contractors, suppliers, etc.
- Provide a one-off grant of **\$7,500** to each registered coach under National Sports Associations and Sports Organisations who has proven coaching record in the past year as well as each instructor, coach, trainer and provider of interests classes for schools or organisations subvented by the Social Welfare Department.

The Chief Executive, Mrs Carrie Lam, announced on April 8 an unprecedented relief package worth at HK\$137.5 billion, involving a series of measures, such as an HK\$80 billion scheme to subsidise wages for six months, HK\$21 billion to support 16 hardest-hit sectors, and creation of 30,000 new jobs.