



Hong Kong Unveils Anti-Epidemic Fund 2.0: Support for Businesses, Job Retention

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On April 8, the Chief Executive of Hong Kong SAR (Special Administrative Region), Carrie Lam, unveiled a HK\$137.5 billion (US\$18 billion) lifeline for businesses and individuals to help ailing businesses stay afloat, and retain workers as the city continues to reel from the catastrophic economic effects of the coronavirus (COVID-19) pandemic, and prolonged periods of social unrest.

This will be the third and largest stimulus package rolled out by the Hong Kong government this year, following the first round epidemic fund of HK\$30 billion (US\$4 billion), and the HK\$120 billion (US\$15.5 billion) worth of relief measures introduced in the [Hong Kong 2020-2021 Budget](#).

Complementing the relief measures, Carrie Lam has announced that her salary, along with that of her office, and the Principal's office will take a 10 percent pay cut for the next 12 months – in a sign of solidarity and unity so that Hong Kong “can ride out this storm and relaunch.”

The city had [confirmed](#) 253 new COVID-19 cases in the week leading up to the announcement, taking the total to 936 on the day of the announcement.

The Hong Kong government is now focusing its attention on job retention, reskilling its workers and creating new jobs to sustain its workforce, and to ensure its economy is well-placed for a speedy recovery once the epidemic is contained. Here we highlight the details of the relief measures within the recently announced Anti-Epidemic Fund 2.0.



How will businesses benefit from the latest stimulus package?

Job retention

One of the most significant lifelines offered within this stimulus package is the HK\$80 billion (US\$10 billion) earmarked for the Employment Support Scheme.

Under this scheme, the Hong Kong government will issue wage subsidies to eligible employers in order to encourage enterprises to retain employees, and prevent mass lay-offs from occurring during these difficult times.

Eligible employers are those who meet the following two conditions:

- Have been making Mandatory Provident Fund (MPF) contribution for employees, and
- Provide an undertaking that they will retain the employees and will not implement redundancy during this time.

The wage subsidy is calculated based on 50 percent of an employee’s monthly salary, which is capped at HK\$18,000 (US\$2,322) for a period of six months. In this case, the amount of the wage to be paid by the government under such subsidy is at a maximum of HK\$9,000 (US\$1,160) per employee per month.

For self-employed person(s) contributing to MPF, a one-off subsidy will be provided. No further details have been released at this point, but more information is expected to be released by the end of the month.

Safeguarding Employment		
Relief measure	Details	Total impact
Eligible employers to receive wage subsidies to retain employees and prevent redundancies	<ul style="list-style-type: none"> • Government to pay 50 percent of employee’s monthly wages (capped at HK\$9,000 (US\$1,160) per month); and • Funds will be arranged in two instalments with the first pay-out beginning no later than June 2020. 	Expected to benefit 1.5 million employees
One-off subsidy to be granted to the self-employed	<ul style="list-style-type: none"> • To grant a one-off subsidy to self-employed persons who made MPF contributions; and • Further details to be released by the government later this month. 	To benefit 215,000 people

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Job creation and advancement

To prevent redundancies in the future, the government pledges to create 30,000 new (time-limited jobs) and endeavors to expedite the upskilling and technological advancement of businesses in traditional industries, such as the legal and construction industry. Details are laid out below.

New Jobs and Reskilling the Workforce		
Relief measure	Details	Total impact
30,000 new jobs to be created over next 2 years	<ul style="list-style-type: none"> HK Government create around 30,000 new (time-limited jobs of up to 12 months) in the coming two years in both the public and private sectors, both professionals and technicians, fresh graduates, middle level employees and grassroots workers 	HK\$6 billion (US\$770 million) 30,000 new jobs in the coming two years
Newly introduced government-funded programs to promote new skills and help enterprises to apply advanced technology	<ul style="list-style-type: none"> New scheme to let workers learn new skills or let business apply more technology Initiatives include: <ul style="list-style-type: none"> - <i>LAWTECH Fund</i> to assist SME law firms /barristers' chambers to procure and upgrade their IT systems; - <i>COVID-19 Online Dispute Resolution (ODR) Scheme</i> - Encouraging the deployment of 5G by subsidizing project costs that utilize 5G technology; - <i>Distance Business Programme</i> to support enterprises to adopt technology and offer training in this area; - Training subsidies for construction sector; and - Matching grants for skills upgrading. 	HK\$800 million (US\$103 million) 700 laws firms 100 5G projects 3000 enterprises, 40,000 individuals

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Support for hardest hit sectors

Recognizing that some businesses were hit harder by the COVID-19 pandemic than others, the government has taken to providing a series of tailored responses for 16 types of sectors that have predominantly customer-facing operations.

Hard-hit sectors, such as tutorial schools, tourism industry, construction sector, aviation sector, catering sector, and entertainment sectors will be granted an individualized once-off relief package, details of which can be found on the government website.



Supporting Sectors that are Most Affected		
Relief measure	Details	Total impact
Additional support for 16 types of sectors	<p>Additional 16 types of support for businesses In the following sectors/ workers:</p> <ul style="list-style-type: none"> • Tutoring Institutions; • Service providers and suppliers for schools; • Sports coach; • Extra-curricular and Interest-based class Instructors; • Garbage collector; • Local primary producer; • Exchange participants and Securities and Futures Commission (SFC) licensed Individual; • Real estate agents; • Taxi and red minibus drivers; • Creative Industries; • Tourism Industry; • Construction sector; • Not-for profit organizations (only those specified); • Aviation sector (will also receive a separate HK\$2 billion from Airport Authority HK); • Catering sector; and • All other sectors that are completely or partly closed due to social-distancing measures under COVID-19 	<p>HK\$21 billion 300,000 + employees and 40,000 + enterprises (conservative estimates)</p>

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Easing the cashflow pressure of businesses and individuals

Alongside the various employment-related assistance, the government has also introduced a series of measures that aim to ease the cashflow and burden of businesses and individuals – in the form of rental, utility, and transport subsidies. See below for more details.



Waivers, Subsidies and Concessions for Business and Individuals		
Relief measure	Details	Total impact
Unemployment support expanded to benefit more households	<ul style="list-style-type: none"> To temporarily relax the asset limits of the Comprehensive Social Security Assistance Scheme (CSSA) so that the asset limits for able-bodied applicants will increase by 100 percent for a period of 6 months. 	To benefit 40,000 households
Rental concession will increase for eligible businesses	<ul style="list-style-type: none"> Rental concession will increase from 50 percent to 75 percent for eligible businesses operating in government premises and short-term tenancies administered by the Lands Department, in the period of April to September 2020; Businesses which have completely ceased operation will receive a full rental waiver; and Rental concessions will extend to some depots, driving schools, regulators' offices for public transport operators and advertising signboard. 	To benefit 23,000 hires / tenants
75 percent waiver of water and sewage charges	<ul style="list-style-type: none"> To extend the 75 percent waiver of water and sewage charges payable by non-domestic accounts for another four months from August to November 2020, subject to a monthly cap of HK\$20,000 (US\$2,580) and HK\$12,500 (US\$1,612) respectively per account. 	250,000 non-domestic accounts
Waived of registration and enrolment fee for healthcare professionals	<ul style="list-style-type: none"> To waive the registration and enrolment fees for some healthcare professionals for three years starting from July 2020 as a token to recognize the contribution of healthcare professionals in the fight against the epidemic 	125,000 health professionals
More individuals to benefit from transport subsidies	<ul style="list-style-type: none"> MTR fares will be reduced by 20 percent for 6 months beginning July 1, 2020; and The Government will provide financial assistance to the MTRCL on a 50/50 matching basis; The monthly threshold of Public Transport Fare Subsidy Scheme will be temporarily relaxed from HK\$400 (US\$52) to HK\$200 (US\$26) for six months in the period of July 2020 and December 2020. 	HK\$800 million (US\$103 million) 5 million passengers 3.8 million commuters

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Loan assistance and tax relief for businesses and individuals

Another strategy adopted by the government is to make it easier for businesses and individuals to obtain loans, while also deferring the deadline for payments tax to temporarily relieve the tax burden felt by individuals and businesses.

Under this new relief package, the government will enhance the SME Financing Guarantee Scheme by introducing 80 percent, 90 percent, and Special 100 percent Guarantee Products and local banks in Hong Kong are set to roll out the offers for such products.

The deadline for payment of tax for year of assessment 2018/19 will be automatically extended for three months. As announced by the Inland Revenue Department in December, businesses and individual taxpayers who are facing financial difficulties



can submit an application to the Inland Revenue Department requesting to pay the tax by installments within a maximum period of 12 months from the original due date.

Loan Assistance and Tax Relief		
Relief measure	Details	Total impact
Enhancing the SME Financing Guarantee Scheme	<ul style="list-style-type: none"> To introduce enhancements to the 80 percent, 90 percent and Special 100 percent Guarantee Products under the SME Financing Guarantee Scheme; Estimated additional expenditure of around HK\$1 1.69 billion (US\$1.5 billion) and an additional guarantee commitment of HK\$30 billion (US\$4 billion); and HKMC Insurance Limited (HKMCI) will immediately liaise with banks on the implementation details, with a view to rolling out the new measures as soon as possible 	To benefit 20,000-50,000 households
Eligible education institutions, and students to benefit from once-off interest free deferral loan repayment	<ul style="list-style-type: none"> To grant one-off interest-free deferral of loan repayment for two years to self-financing post-secondary institutions under the Start-up Loan Scheme, non-profit-making international schools and students receiving loans from the Working Family and Student Financial Assistance Agency (WFSFAA); The Education Bureau (EDB) will invite all borrowing institutions and the three international schools to indicate, within a month's time, whether they wish to accept the two-year loan repayment holiday WFSFAA will issue notification letters to student loan recipients concerned to inform them of the two-year loan repayment holiday 	HK\$463 million (US\$60 million) 13 post-secondary institutions, 3 non-profit-making international schools and 200 000 student loan recipients
Tax deferral	<ul style="list-style-type: none"> Deadline for payment of Salaries Tax, tax under Personal Assessment and Profits Tax for year of assessment 2018/19 that will be falling due in April to June 2020 will be automatically extended for three months. 	To benefit 141,000 corporate taxpayers and 1.95 million individual taxpayers

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How to apply for the incentives?

The Hong Kong (SAR) Government is expected to provide further details of the conditions and requirements for applying above schemes and subsidies in coming few weeks. Businesses are recommended to stay in touch with their legal and tax advisors in Hong Kong to receive timely updates.

You may also refer to our article [Hong Kong Budget 2020-2021](#) from our online publication [China Briefing](#) for the relief measures proposed under the Hong Kong Budget earlier this year.

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