

# Hong Kong Tax Alert

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**The HKSAR Government announces interim relief measures of HK\$19.1 billion to support enterprises and people**

*To counter the challenging external and local economic environment, the Financial Secretary yesterday announced a raft of interim relief measures to support enterprises and relieve people's financial burden*

The Financial Secretary (FS), Mr. Paul Chan, noted that the economic growth of Hong Kong in the second quarter of 2019 had already decreased by 0.3%, compared with the first quarter. Any further contraction in the third quarter would technically put Hong Kong into an economic recession.

Externally, the global economic outlook is darkened by high uncertainties, including the escalation of China-US trade tensions, imminent risk of a hard Brexit, continued geopolitical tensions in the Middle East, sluggish industrial and trading activities in Asia, heightening financial market volatilities, and market concerns about major economies slipping into recession. All these uncertainties would pose serious economic challenges to Hong Kong. The FS likened the expected economic headwinds Hong Kong faces to those being packed up by a direct hit of a severe typhoon.

To help Hong Kong weather the storm and build confidence in the economy, the FS announced a HK\$19.1 billion package of measures to support enterprises, especially small and medium enterprises, to safeguard jobs and relieve people's financial burden. The package of interim relief measures announced yesterday is in addition to the HK\$42.9 billion worth of relief measures earlier announced in the 2019/20 Budget.

The proposed interim measures announced yesterday are summarized in the table below:

		Estimated expenditure / reduction in revenue (HK\$ billion)
<b>Support enterprises and safeguard jobs:</b>		
a)	Waive 27 groups of government fees and charges for 12 months to benefit a wide range of sectors from maritime, logistics, retail, catering, tourism, construction, to agriculture and fisheries.	1.6
b)	Reduce the rent for most short-term tenancies of government land for community and business by 50% for six months.	0.3
c)	Implement a fee review moratorium on government fees and charges set on a cost recovery basis with immediate effect until 31 December 2020.	--
d)	Inject HK\$1 billion to the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and the SME Export Marketing Fund to better support enterprises in exploring business opportunities, promoting sales and participating in business missions organized by the Government and related organizations for market development.	2.0
<b>Relieve people's burden:</b>		
a)	Further to the proposal in the 2019/20 Budget to reduce salaries tax, tax under personal assessment and profits tax for the year of assessment 2018/19 by 75% subject to a ceiling of HK\$20,000, to increase the reductions to 100%. However, the maximum limit of HK\$20,000 remains unchanged.	1.8
b)	Provide one additional month of various social security payments.	4.1
c)	Provide a subsidy to kindergarten, primary and secondary day-school students in Hong Kong at HK\$2,500 per head in the 2019/20 school year.	2.3
d)	Pay one month's rent for lower income tenants living in the public rental units.	1.4
e)	Provide a one-off electricity charge subsidy of HK\$2,000 to each residential electricity account.	5.6
<b>Total</b>		<b><u>19.1</u></b>

The FS advised that he will seek funding approval from the Legislative Council as soon as possible for those measures that require additional resources, expecting that most of the measures can be rolled out in the third quarter of this year.

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