Charltons - Hong Kong Law - 09 April 2020

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Hong Kong Government Relief Measures in light of the COVID-19 Outbreak

As Hong Kong heads into the third month of the COVID-19 outbreak, the economic impact of the outbreak is increasingly impacting Hong Kong businesses. The Hong Kong government has been facing calls for financial relief to ease the financial burden of a wide spectrum of industries ranging from retail to education. On 8 April 2020, in light of the continuing severity of the COVID-19 outbreak, a second round of relief measures was announced. The HK$80 billion Employment Support Scheme is one of the key components of the second round of relief measures, which aim to keep individuals in their jobs and avoid redundancies.

This is the second round of Hong Kong government relief measures, known as the "Anti-Epidemic Fund Measures" (the “**Hong Kong Covid** **Relief** **Measures**”).

On 14 February 2020, the first round of Hong Kong Covid Relief Measures was announced, which comprised 24 measures, totalling around HK$30 billion. The measures range from funding the fight against the COVID-19 outbreak to providing sector specific subsidy to keep businesses afloat. Among the first round measures, it was proposed that a subsidy scheme to be set up to encourage and support local mask production. On the business front, a subsidy of HK$5.6 billion, the largest in amount out of the 24 measures, was proposed to be made available for the retail sector, one of the hardest hit sectors by the COVID-19 outbreak. On 21 February 2020, the Finance Committee of the Legislative Council approved the first round of Hong Kong Covid Relief Measures.

Click [here](https://www.coronavirus.gov.hk/eng/anti-epidemic-fund-1.html) for further information on the first round of Hong Kong Covid Relief Measures

The following sets out details of the Employment Support Scheme:

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| **Eligibility for Subsidy** | Employers making MPF contributions will be eligible to apply for subsidy.  Subvented Organisations and employees of government and statutory body are excluded from the Employment Support Scheme. |
| **Duration of Subsidy** | 6 months |
| **Subsidy Amount** | 50% of an employee’s monthly salary, capped at HK$18,000 i.e. the subsidy is capped at HK$9,000 per month |
| **Form of Subsidy Payment** | Eligible employers will be paid in 2 instalments, with the 1st instalment payable by June 2020. |
| **Other Requirements of the Employment Support Scheme** | Employers are required to undertake that they will not make their employees redundant. However, the exact terms of the undertaking are yet to be announced.  Audits can be conducted after payment of the subsidy to ensure that the subsidy is actually spent on wages rather than elsewhere. |

Click [here](https://www.coronavirus.gov.hk/pdf/fund/20200408_supplementary_information_en.pdf) for further information on the second round of Hong Kong Covid Relief Measures

As Hong Kong is in the initial stages of the implementation of the Hong Kong Covid Relief Measures, further information on the measures will be released in due course.

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