

# HONG KONG TAX ALERT

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## The Financial Secretary announces further relief measures to support enterprises and employment

### Summary

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To further support enterprises and employment under the unprecedented challenges Hong Kong is facing in the current social and economic environment, the Financial Secretary (“FS”), Hon Paul Chan, announced another wave of relief measures in early December worth about HK\$4 billion, including instalment tax payment and subsidies for small and medium-sized enterprises (“SMEs”).

In view of the external international environment as well as domestic social unrest, the government believes by supporting business it will help safeguard employment in the rapidly evolving economic situation in Hong Kong. As such, the measures are mainly targeted towards supporting SMEs. We summarise below the government’s new package of measures.

1.	Waive the surcharge for up to one year on tax payments deferred under an approved installment plan. The waiver is applicable for the 2018/19 year of assessment, and covers profits tax, salaries tax, and personal assessment. Taxpayers in need could apply for an installment plan before the due date of the respective tax payments.
2.	Waive 75% of water and sewage charges for non-domestic households from 1 December 2019 to 31 March 2020, subject to a monthly cap of \$20,000 and \$12,500 respectively per household per month.
3.	Provide an electricity subsidy to each eligible non-residential electricity account holder to cover 75% of their monthly billed electricity charges, subject to a cap of \$5,000 per account per month for four months, i.e. \$20,000 in total per account.
4.	Provide an enhanced rates concession in the fourth quarter of 2019-20 (i.e. 1 January to 31 March 2020) to all non-domestic properties. The exemption ceiling for each non-domestic property chargeable to rates will be increased from \$1,500 to \$5,000 for that quarter.
5.	Use the turnover rent received from the terminal operator of the Kai Tak Cruise Terminal to offer, through the operator, fees and rent reduction for cruise lines and existing tenants to support cruise lines’ continuous deployment and berthing in Hong Kong and promote the business of relevant sectors. The arrangement will last for six months with effect from 1 December 2019.

6.	Launch a one-time rental subsidy scheme to recycling enterprises through the Advisory Committee on Recycling Fund.
7.	Waive the annual licence fees for all licensed individuals and intermediaries by the Securities and Futures Commission for the financial year 2020-21.
8.	Enhance and extend the Love Upgrading Special Scheme by the Employees Retraining Board, including to consider increasing the maximum amount of monthly allowance per trainee from \$4,000 to \$5,800 through legislative amendment, expanding the choices of trades and courses, in particular the provision of part-time arrangement for the popular "Vocational Skills" courses, and offering more training places based on demand.
9.	Enhance the Youth Employment and Training Programme to assist young people to enter the labour market.

The FS advised that relevant bureaux and departments will follow up on the implementation of the above measures at full speed so that enterprises and the public can benefit early.

**KPMG observations**

The latest measures are welcomed as support for SMEs. In particular, surcharge-free tax instalment payment should be helpful in relieving taxpayers' cash flow, although approval of the relief is on case-by-case basis.

In addition, where taxpayers foresee their taxable profits would be substantially lower (or even sustaining losses) in the year of assessment 2019/20, application for holding over the 2019/20 provisional tax could be a practical solution to help easing their cash flow. With assessments now being issued, there is only a short window of time for taxpayers to assess the situation as the holdover application should be lodged no later than:

- 28 days before the due date for payment of the provisional tax, or
  - 14 days after the date of issue of the notice for payment of the provisional tax,
- whichever is later.

For more information and assistance, please contact your usual tax advisor or one of our tax advisors below.

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