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**April 2020**

## **Employment Update: Hong Kong Government Incentivises Employers to Retain Employees**

In an effort to alleviate the financial difficulties as a result of the COVID-19 pandemic, the Hong Kong Government has announced proposed relief measures which include a HK\$ 80 billion Employment Support Scheme (“ESS”).

### **Key features of the ESS:**

- 1) Proposal: The Government has proposed to provide wage subsidies to eligible employers of the purposes of job retention. In order to be eligible for the subsidies, Employers will required to undertake that they cannot implement redundancies.
- 2) Eligibility: All employers who have been making Mandatory Provident Fund (“MPF”) contributions for employees may be eligible, except those on the exclusion list (employees of the HKSARG, statutory bodies and Government subvented organisations).
- 3) Entitlement: The wage subsidies to be provided by the Government is calculated based on 50% of the monthly salary of the employee, which is capped at \$18,000 for a period of 6 months (i.e. a maximum subsidy of HK\$9,000 a month for 6 months).
- 4) Payment timeline: It is proposed to be disbursed to employers in two tranches, with the first pay out not later than June 2020.
- 5) Self-employed: It has been proposed that self-employed persons who have made MPF contributions would receive a one-time lump-sum subsidy.

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## Implications of the ESS

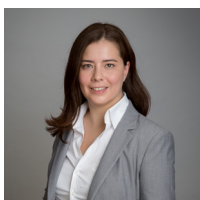
The ESS aims to incentivise employers to retain employees and to reduce business closures in lieu of an undertaking to not implement redundancies.

However, the potential impact of the ESS and whether Employers will agree to sign up will very much depend on the terms and scope of the undertaking.

We are awaiting the terms of undertaking and further details relating to ESS. Please watch this space for updates in this area.

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