

First tranche of wage subsidy under the Employment Support Scheme to receive application from May 25 (with video)

The Government announced earlier the launch of the Employment Support Scheme (ESS) of \$81 billion to provide time-limited financial support to employers to retain their employees, hence maintaining the strength for Hong Kong. The Chief Executive, Mrs Carrie Lam, announced today (May 12) the first tranche of the ESS will receive application from May 25.

"In the past month, we have carried out intensive research, discussed with stakeholders, and listened to the views of different sectors. We have largely finalised the details of the ESS. The first tranche of the ESS will provide wage subsidies for three months from June to August 2020. The application will commence on May 25 and last for three weeks," said Mrs Lam.

Mrs Lam at the same time announced four improvement measures in respect of the ESS:

1. Extending the coverage of the ESS to employees aged 65 or above under the Mandatory Provident Fund (MPF) schemes. At present, around 60 000 employees aged 65 or above are having MPF accounts. If employers have made voluntary MPF contribution for these employees, they may apply for wage subsidies for them;
2. Extending the coverage of the ESS to two MPF Industry Schemes (tailor-made for the construction industry and catering industry) which were previously excluded. Employers may apply for wage subsidies for "regular employees" (i.e. employees who are 18 – 64 years of age and have been employed for a continuous period of 60 days or more) if employers have made MPF contributions for them;
3. Relaxing the eligibility of self-employed persons (SEPs) that they should have made MPF contributions between January 1, 2019 and March 31, 2020. After the relaxation, SEPs who have set up an MPF account on or before March 31, 2020 and with that account remaining opened as of the same date may apply for a one-off subsidy of \$7,500; and
4. The amount of wage subsidies provided by the Government will be calculated based on 50 per cent of the actual wages paid to each employee in the "specified month" at the choice of the employers based on the situation of the enterprises, with a wage cap at \$18,000 per month. After listening to the views of some of the sectors hard hit by the epidemic, the Government decided to allow the employers to choose December 2019 as the "specified month". In other words, the "specified month" for the purpose of applying for the first

tranche of wage subsidy can be any one month between December 2019 and March 2020, instead of between January and March 2020 as previously proposed.

The measures under the Anti-epidemic Fund should fulfill the following five principles: first, simple to understand; second, easy to access; third, quick to disburse funds; fourth, sufficiently broad-based benefitting large numbers of individuals and businesses; and fifth, paving the way for economic recovery.

"The ESS, after refinements and revisions, will better fulfill these five principles," Mrs Lam said.

Generally speaking, with the exception of ineligible employers (mainly organisations whose employees' salaries are not affected by the epidemic, for example, the HKSAR Government, statutory bodies, subvented organisations with employees' salaries subsidised by the Government), all employers who have been making MPF contributions for employees (including Master Trust Schemes and Industry Schemes) or who have set up MPF-exempted Occupational Retirement Schemes Ordinance (ORSO) schemes, may apply for ESS.

To further clarify eligibility and to prevent people from applying for wage subsidy by establishing a new company and opening MPF accounts, the MPF accounts of the relevant employers and employees applying for the wage subsidy should have been set up on or before March 31, 2020 (i.e. cannot be backdated to that date or any earlier dates). In other words, employers with the MPF accounts set up on or after April 1, 2020 will not be eligible for the first tranche of wage subsidy.

Employers participating in the ESS must provide an undertaking not to make redundancies during the subsidy period, and to spend all the wage subsidies on paying wages to the employees. If an employer fails to comply with the undertaking, the Government will claw back the unspent balance of the wage subsidy or/and impose other penalty. Details will be announced early next week.

Application for the first tranche of wage subsidy under the ESS can be made starting from May 25. Eligible employers and SEPs may submit online application from May 25 to June 14. The wage subsidy is expected to be disbursed to the majority of employers in three to four weeks after submitting application.

In order to disburse the wage subsidy to employers as early as possible and hence prevent employers making redundancies, the Government will ensure the application procedures under the ESS are simple and easy to understand. Employers and SEPs applying for the ESS are required to authorise the ESS processing agent (appointed by the Government) to receive MPF record certificates directly from the MPF trustees, in order to confirm the information related to MPF contributions. Employers are not required to submit such information at the time of application, and MPF trustees will not charge employers and SEPs any fees on the issue of the certificates.

The Government will announce next week other detailed arrangements about the ESS including the online application procedures, monitoring mechanism and calculation of penalty. A dedicated website on the ESS will commence operation by then.

For enquiries, please email to enquiry@employmentsupport.hk or call our hotline at 183 6122 starting from 9am tomorrow (May 13). The service hours of the hotline is from 9am to 6pm, Monday to Friday (closed on Saturday, Sunday and public holidays), and the service hours will be from 9am to 6pm, Monday to Sunday during the application period (i.e. May 25 to June 14).

More information about the ESS is attached.