

Budget provides support for people and businesses to ride out global pandemic

The Financial Secretary, Mr Paul Chan, in his 2022-23 Budget today (February 23), made it a priority to ease the financial burden on enterprises and people's livelihoods during the COVID-19 pandemic.

Among the initiatives announced are plans to issue a new round of electronic consumption vouchers, enhance various loan guarantee schemes and create more time-limited jobs.

Mr Chan said, counter-cyclical measures in the previous two Budgets, together with the relief measures under the Anti-epidemic Fund (AEF), involved a total financial commitment of over \$460 billion.

"The rapid spread of the virus and its profound impact have dealt a heavy blow to many people, disrupting both their life and work, and seriously affected the operations of small and medium-sized enterprises (SMEs), thus undermining confidence in the future," Mr Chan said.

In light of the successful launch of the Consumption Voucher Scheme last year, the Financial Secretary announced a second round of the scheme, under which electronic consumption vouchers with a total value of \$10,000 will be disbursed by instalment to each eligible Hong Kong permanent resident and new arrival aged 18 or above through suitable stored value facilities.

"With the help and concerted efforts of various parties, the scheme was effective in boosting the market sentiment, stimulating local consumption, and speeding up economic recovery," Mr Chan said.

"It has also promoted the extensive use of electronic payment."

Mr Chan said the new round of the scheme would benefit about 6.6 million people and incur about \$66.4 billion of financial commitment.

Relieving people's hardship

Mr Chan announced a package of one-off relief measures to support people who have been affected by the epidemic. The measures include:

* Reducing salaries tax and tax under personal assessment for the year of assessment 2021/22 by 100 per cent, subject to a ceiling of \$10,000. This measure will benefit 2.01 million taxpayers and reduce government revenue by \$13.1 billion;

* Providing rates concession for domestic properties for four quarters of 2022-23, subject to a ceiling of \$1,500 per quarter in the first two

quarters and a ceiling of \$1,000 per quarter in the remaining two quarters for each rateable property. This measure is estimated to involve 2.99 million domestic properties and reduce government revenue by \$11.7 billion;

* Granting each eligible residential electricity account a subsidy of \$1,000;

* Providing an allowance to eligible social security recipients, equal to one half of a month of the standard rate of Comprehensive Social Security Assistance payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance; and

* Paying the examination fees for school candidates sitting for the 2023 Hong Kong Diploma of Secondary Education Examination.

The Financial Secretary said the Government would lower the threshold for the Public Transport Fare Subsidy Scheme from \$400 to \$200 from May to October this year, benefitting about 3.8 million commuters per month.

The application period of the 100% Personal Loan Guarantee Scheme will be extended for one year and the maximum loan amount per applicant will increase from six times to nine times of his/her average monthly income during employment, with the ceiling raised to \$100,000.

Supporting enterprises

To address the needs of businesses affected by the pandemic, preserve economic vitality and safeguard jobs, the Financial Secretary announced a raft of business relief measures. They include:

* Reducing profits tax for the year of assessment 2021/22 by 100 per cent, subject to a ceiling of \$10,000. This measure will benefit 151 000 businesses and reduce government revenue by \$1.2 billion;

* Providing rates concession for non-domestic properties for four quarters of 2022-23, subject to a ceiling of \$5,000 per quarter in the first two quarters and a ceiling of \$2,000 per quarter in the remaining two quarters for each rateable property;

* Waiving the business registration fees for 2022-23. This measure will benefit 1.5 million business operators and reduce government revenue by \$3 billion;

* Continuing to waive 75 per cent of water and sewage charges payable by non-domestic households for eight months until November 30, 2022, subject to monthly ceilings of \$20,000 and \$12,500 respectively per household;

* Extending the waivers/concessions of the existing 34 groups of government fees and charges for 12 months starting from October this year. This measure will benefit a wide range of sectors (such as aviation, maritime, logistics,

retail, catering, agriculture and fisheries, construction, tourism and entertainment) and will reduce government revenue by about \$1.7 billion; and

* Continuing to grant the 75 per cent rental or fee concession currently applicable to eligible tenants of government premises and eligible short-term tenancies and waivers under the Lands Department for six months until September 30, 2022.

To ease cash flow pressures of enterprises, the Financial Secretary said he would extend the application period of all guarantee products under the SME Financing Guarantee Scheme (SFGS). The Special 100% Loan Guarantee under the SFGS will also be enhanced by increasing the maximum loan amount per enterprise from the total amount of employee wages and rents for 18 months to that for 27 months with the loan ceiling raised from \$6 million to \$9 million, and by extending the maximum repayment period from eight years to 10 years.

Mr Chan said he has requested the Hong Kong Monetary Authority to extend the Pre-approved Principal Payment Holiday Scheme for six months to the end of October this year.

To help SME exporters secure export financing from banks more easily, Mr Chan said the Hong Kong Export Credit Insurance Corporation (ECIC) plans to launch the Export Credit Guarantee Programme on a pilot basis in March this year. Under the programme, the ECIC will guarantee up to 70 per cent of the export financing of the banks' policyholders, subject to a maximum limit of \$50 million.

Job creation

The Financial Secretary said the Government has earmarked total funding of \$13.2 billion under the AEF to create time-limited jobs, numbering about 60 000 so far.

He also said he would set aside additional funding of \$6.6 billion in the latest round of AEF measures, which would yield another 30 000 time-limited jobs under the Job Creation Scheme.

For more details on the 2022-23 Budget, click [here](#).