



China Consulting Consortium Limited

捷領華信諮詢有限公司

Unit 1701-2A,17/F., 625 King's Road, North Point, Hong Kong

香港北角英皇道 625 號 1701-2A 室

電話 Tel:+852 3102 0530 傳真 Fax:+852 3102 0531



Tax exemptions for most of the Anti-epidemic Fund subsidies and financial assistance

Following the release of substantial stimulus packages to support businesses and individuals adversely impacted by the COVID-19 outbreak, the Hong Kong Government issued “The Exemption From Salaries Tax and Profits Tax (Anti-epidemic Fund) Order” (Order) on 27 May 2020 giving tax exemptions for most of the subsidies and financial assistance granted under the Anti-epidemic Fund (AEF) to businesses and individuals. These tax exemptions will take effect from the year of assessment 2019/20.

Summary of Proposed Tax Treatment for Two Rounds of Measures under the AEF

Measures which will be covered by the tax exemption

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| 1.Subsidy for factories to set up production lines of surgical masks under the Local Mask Production Subsidy Scheme |
| 2.Anti-epidemic Support Scheme for Property Management Sector |
| 3.Subsidies for construction industry stakeholders |
| 4.Financial support to frontline workers engaged by Government and Hong Kong Housing Authority service contractors |
| 5.Retail Sector Subsidy Scheme |
| 6.Food Licence Holders Subsidy Scheme |
| 7.Reimbursements of the actual fuel or electricity cost and/or subsidies to specified means of transport |
| 8.Convention and Exhibition Industry Subsidy Scheme for organisers of exhibitions and international conventions/conferences |
| 9.Subsidies for live marine fish wholesale traders, specified fresh food wholesalers and fishing vessels with Mainland deckhands |
| 10.Special grant for child care centres |
| 11.Arts and Culture Sector Subsidy Scheme |



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| 12.Licensed Guesthouses Subsidy Scheme |
| 13.Travel Agents Subsidy Scheme |
| 14.Special grant to specified training bodies |
| 15.Licensed Hawkers Subsidy Scheme |
| 16.Subsidy to employers and self-employed persons under the Employment Support Scheme |
| 17.Funding to non-government public bodies and private corporations for creating time-limited jobs |
| 18.LAWTECH Fund to SME law firms/barristers' chambers and related persons |
| 19.Subsidy for early deployment of 5G in public and private sectors |
| 20.Funding to private enterprises under the Distance Business Programme |
| 21.Training subsidies for consultants in the construction sector |
| 22.Training funds to bodies/ associations under the Matching Grant Scheme for Skills Upgrading (on matching arrangement) |
| 23.Relief grant for tutorial schools |
| 24.Relief grants for providers of catering services for schools and post-secondary education institutions and providers of interest group and school bus services |
| 25.One-off grant to registered sports coaches |
| 26.Relief grants for freelance workers hired by subvented non-governmental welfare organisations to provide training and coaching for service users |
| 27.Subsidy for the refuse transfer station account holders for transporting municipal solid waste |
| 28.Subsidies for local primary producers |



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| 29.Special subsidy to Hong Kong Exchange's participants and Securities and Futures Commission's licensees |
| 30.Cash subsidy for individual licensees in the estate agency sector |
| 31.Reimbursement of the actual regular repair and maintenance costs and insurance premium to operators of specified means of transport, subsidy to eligible registered owners and passenger service licence holders of specified means of transport, eligible taxi and red minibus drivers, and employers of eligible green minibus and local ferry employees |
| 32.Cinemas Subsidy Scheme & Printing and Publishing Sector Subsidy Scheme |
| 33.Subsidies/Refund under Tourism Industry Support Schemes |
| 34.Subsidies to the construction sector |
| 35.Subsidy to operators of Revitalizing Historic Buildings Through Partnership Scheme and Fly the Flyover Operation |
| 36.Subsidy for the aviation sector |
| 37.Subsidy to employers in catering sector and catering businesses under the Catering Business (Social Distancing) Subsidy Scheme |
| 38.Amusement Game Centres Subsidy Scheme |
| 39.Commercial Bathhouses Subsidy Scheme |
| 40.Fitness Centre Subsidy Scheme |
| 41.Subsidy to licensed Places of Amusement for anti-epidemic efforts |
| 42.Place of Public Entertainment Licence Holder Subsidy Scheme |
| 43.Mahjong/Tin Kau Licence Holder Subsidy Scheme |
| 44.Subsidy Scheme for Beauty Parlours, Massage Establishments and Party Rooms |



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| 45.Club-house Subsidy Scheme |
| 46.Sports and Recreational Sites Subsidy Scheme |
| 47.Financial assistance to MTR Corporation Limited in providing fare concession (on 50:50 matching arrangement) |

Measures which will be subject to tax

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| 1.Payment from orders from the Government and/or non-Government parties under Local Mask Production Subsidy Scheme |
| 2.Payment to businesses for providing technology applications such as reusable masks |
| 3.Administrative fees paid to service contractors of the Government and the Hong Kong Housing Authority for disbursing allowances |
| 4.Reimbursements and administrative fees paid to oil companies for providing price discounts on liquefied petroleum gas to taxis and public light buses |
| 5.Reimbursements to the Hong Kong Cyberport Management Company Limited for providing rental waivers |
| 6.Reimbursements to landlords or operators of arts spaces for providing rental waivers |
| 7.Administrative fees paid to MPF trustees for implementing the Employment Support Scheme |
| 8.Funding to eBRAM Centre for initial set-up cost as well as fees for mediators and arbitrators |
| 9.Administrative fees paid to National Sports Associations and sports organisations for implementing AEF programme |
| 10.Administrative fees paid to service providers for implementing the Subsidy Scheme for Beauty Parlours, Massage Establishments and Party Rooms |