

Hong Kong, China	
Policy responses	
Containment	<ul style="list-style-type: none"> • First case reported on 23 January 2020 • Closure of schools; • Remote work arrangement for civil servants; • Ban on gatherings of more than eight people in a public place; • 14-day compulsory quarantine for travelers from overseas countries and areas and Mainland China; • Temporary entry ban on Hong Kong SAR non-resident from overseas countries from March 25; • Reduction and partial suspension of cross-border transport and border control point services, including suspension of transit services at Hong Kong International Airport; • Closure of selected social gathering establishments and businesses. • As of August: many containment measures remain in place: <ul style="list-style-type: none"> ○ Requirement to wear mask in all public places and public transport; ○ Prohibited public gathering of more than 2 people; ○ Reduce seating capacity in restaurants by 50%; ○ Suspend face-to-face lectures or tutoring ○ Temporary entry ban of non-residents ○ Reducing and partial suspension of cross-border transport and border control point services ○ 14-day compulsory quarantine of travelers from mainland ○ Passengers from high-risk countries require negative COVID-19 testing before arrival; ○ Tightening exemption of air and sea crew <p>Reopening of the economy:</p> <ul style="list-style-type: none"> • Lifting of remote working for civil servants on 4 May • First phase of school opening 27 May • Social distancing extended to 18 June • Religious gathering up to 50% of venue capacity 18 May • Cultural and leisure facilities including libraries, swimming pools, beaches reopen on 21 May • Mid-June theme parks to start opening • Trade fairs set to start mid-July <p>Re-imposition of restrictions:</p> <p>Sudden eruption of infections in mid-July. ¹ social distancing re-enacted: education bureau ordered school activities to be suspended till 28 July; dining restrictions, fine of HK\$5,000 for mandatory wearing of face mask on public transportation; non-essential civil servants to work from home.</p> <p>As of late August 2020, situation has improved with some social distancing measures to be relaxed effective 28 August:</p> <ul style="list-style-type: none"> • Allowed removal of face mask for outdoor sports and country

¹ <https://www.bloomberg.com/news/articles/2020-07-20/hong-kong-did-not-see-this-virus-wave-coming-and-it-s-not-ready>

	<p>parks;</p> <ul style="list-style-type: none"> • Extending dine-in services hours of restaurants to 9pm from 6pm; • Re-opening cinemas, beauty parlors, outdoor sports; • Transfer and transit services from airport form Mainland passengers <p>Reopening of the economy (since Lunar New year 2021):</p> <ul style="list-style-type: none"> • Allowing public gathering up to 4 persons; • Extending dine-in services to 10pm • Re-opening sports venues, cinemas, beauty salons, fitness, public entertainment; • Schools resume half-day physical attendance with teachers and staff undergoing regular COVID-10 testing very two weeks <ul style="list-style-type: none"> • Current containment measures still in place: <ul style="list-style-type: none"> ○ Requirement to wear mask in all public places and public transport; ○ Temporary travel ban of non-residents from overseas; ○ Reducing and partially suspending cross-border transport and border control services; ○ Passengers from high-risk countries require negative COVID-19 testing before arrival; ○ Tightening exemption of air and sea crew ○ Limiting number of attendants at meetings, ceremonies/banquets; ○ Restaurants to apply for “Leave Home Safe” QR code; ○ Providing designated quarantine hotels with dedicated transportation for inbound passengers; ○ Extending quarantine period from 14-day to 21 days; 14 day compulsory quarantine for travelers from mainland; ○ Banning travelers from South Africa and the United Kingdom; ○ High risk groups and persons in restricted areas to undergo mandatory COVID-19 testing. <p>Vaccination: Started 23 February 2021, priority groups include frontline workers and vulnerable people, approximately 2.4 million people.</p>
Fiscal	<p>HK\$311.5 billion (or 11 per cent of GDP)^{2,3}</p> <ul style="list-style-type: none"> • Anti-epidemic fund to enhance facilities and services: HK\$43 billion (1.5 per cent of GDP) • Businesses and individual: Tax and fee reliefs and other one-off relief measures (HK\$85.5 billion or 3.0 per cent of GDP) • Households: Cash payout to Hong Kong SAR permanent residents aged 18 or above (HK\$71 billion or 2.5 per cent of GDP); expected to benefit 7 million people; • Sector-specific relief measures (HK\$25.5 billion or 0.9 per cent of GDP)

² <https://www.coronavirus.gov.hk/eng/anti-epidemic-fund.html>

³ <https://www.straitstimes.com/asia/east-asia/hong-kong-lifts-some-covid-19-restrictions-announces-third-economic-stimulus-package>

	<ul style="list-style-type: none"> • Employment: Employment subsidy scheme (HK\$80 billion or 2.8 per cent of GDP); • Temporary job creation (HK\$6 billion or 0.2 per cent of GDP). <p>HK\$328 billion (or 11.9 per cent of GDP)^{4,5}</p> <ul style="list-style-type: none"> • Health related spending (HK\$23 billion) • Cash payout to eligible residents (HK\$71 billion); • Employment subsidy scheme (HK\$91 billion); • Other one-off measures through Anti-epidemic Fund (HK\$53). <p>FY2021/22 budget announcement of additional countercyclical support HK\$120 billion (4.1 per cent of GDP):</p> <ul style="list-style-type: none"> - Providing one-off relief measures to households and enterprises (HK\$38 billion); - Issuing digital consumption vouchers HK\$5,000 for each eligible resident in installments (HK\$36 billion); - Creating 30,000 temporary jobs (HK\$6.6 billion).
Monetary/financial	<ul style="list-style-type: none"> • Base Rate adjusted downward to 1.50 and 0.86 per cent on March 4 and March 16, respectively, following the downward shifts in the target range for the US federal funds rate • Jurisdictional countercyclical capital buffer reduced further from 2.0 to 1.0 per cent on March 16 and level of regulatory reserves cut by half to increase banks' lending capacity • HKMA introduced measures to increase banking sector's liquidity: <ul style="list-style-type: none"> ○ providing US dollar funding to local banks by obtaining US dollars from the US Fed's new temporary repo facility (US\$10 billion) ○ encouraging banks to deploy their liquidity buffers more flexibly ○ reducing the issuance size of Exchange Fund Bills ○ implementation of the various requirements under the Basel III framework deferred • Key measures to provide financial reliefs: <ul style="list-style-type: none"> ○ SMEs: low-interest loans for SMEs with 100 per cent government guarantee (HK\$ 50 billion) ○ Raising maximum loan amount, extending eligibility coverage to listed firms to enhance the 80 and 90 per cent government guarantee products ○ Pre-approved principal payment holiday for corporates; ○ Other measures by banks: delay of loan payment, extension of loan tenors, principal moratoriums for affected SMEs, sectors, and households as appropriate.
SME measures (last update 22 January 2021)	<p>Deferral of tax payment:</p> <ul style="list-style-type: none"> • As part of the new stimulus package unveiled on April 8, the deadline for remitting payments of profits tax, salaries tax and tax under

⁴ <https://www.coronavirus.gov.hk/eng/anti-epidemic-fund.html>

⁵ <https://www.straitstimes.com/asia/east-asia/hong-kong-lifts-some-covid-19-restrictions-announces-third-economic-stimulus-package>

	<p>personal assessment for the year of assessment 2018/19 due in April, May and June 2020 is deferred by three months.⁶</p> <ul style="list-style-type: none"> For taxpayers who have promptly settled the first installment of Salaries Tax, Personal Assessment and Profits Tax for the year of assessment 2018/19, the deadline for payment of tax for the second installment will be automatically extended for three months from the due date of the second installment.⁷ <p>Loan support^{8 9}:</p> <ul style="list-style-type: none"> The Financial Secretary of Hong Kong, China announced an HKD 18.3 billion rescue plan, comprising (i) provision of low-interest loans (the annual interest rate is the prime rate minus 2.5 per cent); (ii) 100 per cent loan guarantees for SMEs; and (iii) a 100 per cent reduction in profits taxes. The total amount involved in the project amounted to HKD 20 billion, and each SME can receive a loan guarantee of up to HKD 2 million. <p>Deferral of loan repayment:</p> <ul style="list-style-type: none"> The government required banks to grant a six-month grace period for principal repayments of loans of SMEs. During this period, SMEs must still pay bank interest. <p>Other financial support:</p> <ul style="list-style-type: none"> The Hong Kong Monetary Authority will increase its lending capacity to HKD 1 trillion enabling banks to lend and provide individual clients “Principal moratorium” for a specified period to help provide liquidity to businesses, especially the SMEs.¹⁰ <p>Employment support:</p> <ul style="list-style-type: none"> In April 2020, the government announced a relief plan of HKD 137.5 billion, aimed at supporting enterprises to maintain employment. The measure will subsidize up to 50 per cent of workers’ six-month wages, and the maximum monthly subsidy for each worker is HKD 9,000.¹¹
Other policy measures	Request landlords to provide relief for commercial tenants

Source: IMF, Policy Responses to COVID-19 as of 27 August 2020, if not specified.

⁶ <https://home.kpmg/xx/en/home/insights/2020/04/hong-kong-sar-china-tax-developments-in-response-to-covid-19.html>

⁷ Ibid.

⁸ <https://www.scmp.com/news/hong-kong/hong-kong-economy/article/3052527/hong-kongs-small-businesses-thrown-vital-budget>

⁹ <https://www.hkma.gov.hk/eng/key-functions/banking/banking-regulatory-and-supervisory-regime/preapproved-principal-payment-holiday-scheme/>

¹⁰ <https://home.kpmg/xx/en/home/insights/2020/04/hong-kong-sar-china-government-and-institution-measures-in-response-to-covid.html>

¹¹ <https://www.reuters.com/article/us-health-coronavirus-hongkong-workers/hong-kong-unveils-17-7-billion-package-to-save-jobs-as-city-battles-coronavirus-idUSKBN21Q1GG>