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Besides the global health threat, the COVID-19 outbreak is heavily impacting economic activity, leading the Hong Kong government to take measures to help businesses deal with and mitigate the impact. In an effort to streamline all tax news and insights regarding COVID-19, Diacron Hong Kong would like to support its Clients by sharing one of the latest resources made available by the Hong Kong government: The Retail Sector Subsidy Scheme.

Retail Sector Subsidy Scheme under Anti-epidemic Fund

To provide relief to retailers to help tide them over their financial difficulties arising from the epidemic, the Hong Kong Government has established the "Retail Sector Subsidy Scheme" under the HK\$30 billion "Anti-epidemic Fund".

How is retail sector defined?

Retailing is considered to be the resale of tangible goods to the general public for personal or household consumption or utilisation. No processing or transformation of the goods should be involved in the resale process.

Hence, this Scheme does not cover stores primarily engaged in personal and business services. The determination as to whether resale is without transformation or whether goods are sold mainly to the general public for personal or household consumption will be made conclusively by the Government.

How the subsidy works?

Under the Scheme, a one-off subsidy of HK\$80,000 will be provided to each eligible retail store. The maximum amount of subsidy for a parent company that operates retail groups or chain stores under the same business registration is HK\$3 million (equivalent to no more than 38 stores).

Who is Eligible?

Applicant has to be conducting substantial and substantive retail business at a fixed physical and individually operated store in Hong Kong; and Business should have commenced before 1 January 2020 and is still in operation at the time of application.

Exclusions apply as follows:

- Stores with licences of restaurants, canteens, light refreshment restaurants, fresh provision shops, food factories, bakeries, *siu mei* and *lo mei* shops issued by the Food and Environmental Hygiene Department.
- Hawkers (including licensed hawkers);
- Mobile stalls and counters in department stores without separate payment system and stores operating under short-term tenancy of a duration less than 6 months;
- Retail stores conducting non-store retailing via mail order, internet or direct marketing sales only.

How to apply?

Applicants should complete and submit an online application form and upload the required supporting documents within the online application period. Each retail branch of a retail chain should submit a separate application.

When is the application period?

From 23 March 2020 to 12 April 2020

Which documents shall I provide?

Valid Business Registration Certificate (mandatory) and any of the two of the four documents listed below (mandatory):

- MPF contributions statement (within 2020)
- Rental receipt (within 2020), latest demand note for Rates and/or Government Rent for the store for which the subsidy is applied for
- Latest utility billing statement (e.g. electricity bill, water bill) for the store for which the subsidy is applied for (within 2020)
- Proof of electronic payment gateways used in the retail store (e.g. credit cards, Octopus, EPS, Alipay, WeChat Pay, etc.) such as a billing statement (within 2020)

Moreover, a recent photo of the retail store with its name and shopfront visible is also mandatory along with the latest bank statement / bank account book under the same name of the applicant / company.

How will I follow up on application success?

Applicants will be given an application number upon completion of submission. Applicants can check the result on an online system by using the application number and business registration number. Successful applicants will be notified of the result by SMS and email. The subsidy will be remitted into each successful applicant's registered bank account by autopay within 7 working days of the date of approval.