



The Chartered  
Institute of  
Management  
Accountants®

14 April 2020

Mrs Carrie Lam, GBM, GBS  
Chief Executive  
The Government of the Hong Kong Special Administrative Region  
Central Government Offices  
2 Tim Mei Avenue  
Tamar, Hong Kong  
Via email [ceo@ceo.gov.hk](mailto:ceo@ceo.gov.hk)

Dear Mrs Lam,

### **Suggestions to improve economic stimulus packages in Hong Kong**

We are writing to you from the Chartered Institute of Management Accountants (CIMA), regarding business and worker financial and economic support in the wake of the Coronavirus pandemic.

The Association of the International Certified Professional Accountants (The Association) represents 667,000 members and students across 184 countries and territories in public and management accounting and advocates for the public interest and business sustainability on current and emerging issues. In Hong Kong, the Chartered Institute of Management Accountants (CIMA) has over 2,000 members and students.

The founding bodies of the Association are the American Institute of CPAs (AICPA) and the Chartered Institute of Management Accountants (CIMA). CIMA is the world's largest professional body of management accountants. CIMA helps individuals and businesses to succeed by harnessing the full power of management accounting – not just accounting for the balance sheet but accounting for business and how to deal with new and emerging threats and trends.

Our members work across all sectors and businesses of all sizes and have spoken to us about the challenges they are facing in securing the businesses financial security and keeping cashflow going within the business and thus the wider economy. They are advising their businesses and clients right now on actions to take to deal with the Coronavirus and keep their businesses both viable and profitable.

Firstly, we would like to congratulate the Hong Kong government on their fast response to creating strong economic stimulus packages. We would also like to commend the government for continuing to evolve the packages as new data emerges. This flexibility is much appreciated by business.

We would like to propose some suggestions for your consideration with regards to further refinement of the excellent stimulus.

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## **1 Individual income support**

We welcome the announcement of the government to cover half of workers' monthly salaries as a much-needed lifeline. The wage will bring significant savings, ease cash flow and help keep jobs as COVID-19 continued to ravage economies worldwide. This will encourage employers not to terminate employees.

As the largest employer, the government may wish to consider introducing plans to hire those being made redundant in part time positions and other available avenues.

## **2 Broaden support according to need**

Some sectors have been affected more than others, for example, SMEs, tourism and entertainment. The problem with universal broad financial support is that not all companies need it. They have the cash and bank facilities to carry it through.

We recommend that the government devises measures to ensure that financial aid is given to those who need it.

## **3 Education & online learning**

There is a concern around the ability of the education sector to continue to develop the learning and development that the population of Hong Kong need. We recommend that the government engage with technology companies to assist low income students by providing resources and other short-term solutions needed to engage in online learning. This will ensure all students are able to keep up with the studies.

To alleviate parents' burden \$900 million has been allocated from the Anti-epidemic Fund to provide an additional \$1,000 to each recipient of the Student Grant for the 2019-20 school year, i.e. increase from \$2,500 to \$3,500. We recommend that these grants should be extended to university students to subsidise their student allowance.

## **4 SME Support**

The maximum amount of the loan per enterprise is the total amount of employee wages and rents for six months, or HK\$2 million, whichever is lower. We recommend that the 6 months should be extended to one year for both rent and salaries.

Some SMEs own their business premises rather than paying rent. This means they have lost the opportunity to apply for this part of the funding. We recommend that government extend the support package to cover mortgage payments for SMEs who have invested in owning their own premises.

We would further encourage the government to use its leverage as a landowner to encourage leaseholders to support lessees through rent concessions or rent holidays for SMEs.



## 5 Cash flow improvement measures

The government may wish to consider measures that will allow small businesses to maintain their cash flow, especially when revenues are dropping. Some things the government may wish to consider include:

- Delaying payment of provisional tax
- Delaying payment of provident funds by employers and employees
- Offering tax incentives to SMEs who continue to pay rental and salaries in full

## 6 Speed and Simplicity in administration

The entrepreneurial spirit of Hong Kong business is rising during these challenging times. Businesses are looking at changing product lines, retooling factories and other ways to generate revenue. They need to be nimble and agile in order to enter and create new markets.

They need the same speed from government in terms of licencing and regulations, particularly around essential products.

The relief measures provided by government need to be more accessible to businesses. There are currently too many regulations and requirements that make it difficult for business to adapt and change.

Grants must be accessible when there is the need and not after the fact. Lengthy procedures will drive companies, families and individuals to bankruptcy/poverty. We recommend that the government give consideration to the administration and timing of grant disbursement. For example, by using citizen records at least 60% of residents can immediately then qualify for relief.



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We would be happy to have a call with you or your officials to discuss our suggestions and wider support for enterprise and businesses in Hong Kong to manage this crisis.

Thank you for your consideration.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Andrew Harding', is written over a light grey horizontal line.

Andrew Harding FCMA, CGMA

Chief Executive—Management Accounting

The Association of International Certified Professional Accountants

**Cc** Mr. Matthew CHEUNG Kin-chung, GBM, GBS, JP,  
Chief Secretary for Administration, [csso@csso.gov.hk](mailto:csso@csso.gov.hk)  
Mr. Paul CHAN Mo-po, GBM, GBS, MH, JP,  
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