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COVID-19

WHAT YOU SHOULD KNOW

ECONOMIC STIMULUS PACKAGE (UPDATED)

Macau's economy is facing enormous challenges this year due to the Covid-19 pandemic.

The effect is felt throughout all sectors of the economy but more severely in the tourism sector, in hotels, restaurants, travel agencies, and retail, transport-related, and taxi services.

The government announced on **February 13** an **Economic Stimulus Package** that aims to soften the impact of Covid-19 on the economy and provide immediate relief to local companies and residents. This package prioritises measures that provide financial assistance and alleviate cash flow pressures on the Small to Medium Enterprises (SMEs), boost domestic consumption, provide financial support to residents and families in vulnerable situations, and protect employment. The first set of measures against coronavirus outbreak is estimated to contribute to a budget deficit of over 40 billion patacas due to the decrease in gross gaming revenue and an increase in overall government expenses.

On **April 8, 2020**, the government released the **second round of financial measures** to cope with the adverse impacts of the pandemic. The second package valued at 10 billion patacas enhances and complements the existing measures issued in the first stimulus package. It aims to assist employees, businesses, self-employed professionals and residents affected by the efforts to contain the virus in a city heavily reliant on tourism.

On **May 29**, the Administrative Regulation no. 19/2020 was published, **regulating the second round of financial measures**. This Administrative Regulation establishes the requirements and rules for granting financial support to workers, self-employed professionals and operators of commercial establishments. We have updated the text below accordingly.

To help you navigate and take advantage of these measures, we summarised them in the following way, that includes both rounds of measures:

- I. TAX DEDUCTIONS AND EXEMPTIONS MEASURES TO SME AND RESIDENTS
- II. LOCAL SMEs FINANCIAL SUPPORT MEASURES
- III. RESIDENTS FINANCIAL SUPPORT MEASURES
- IV. SHORT CHRONOLOGY OF EVENTS, FOR CONTEXT

I. TAX DEDUCTIONS AND EXEMPTION MEASURES TO SME AND RESIDENTS

Further to the tax benefits outlined in the 2020 Macau Government Budget approved by Law no. 22/2019 (the "2020 Budget Law"), the government intends to set out a string of tax deductions and exemption measures to cushion the economic impact of the coronavirus crisis. The table below presents the main tax benefits inserted in the 2020 Budget Law and additional tax-related measures unveiled in the Economic Stimulus Package.

The Main Tax Benefits - Table I

	TAX LAW	2020 BUDGET LAW – YEAR OF ASSESSMENT 2019	2020 ECONOMIC STIMULUS PACKAGE
COMPLEMENTARY TAX (Net Taxable Income)	<ul style="list-style-type: none"> - Annual income below MOP32,000 is exempt from tax - Annual income above MOP32,000 is levied on a progressive rate varying from 3% to 12% 	<ul style="list-style-type: none"> - Increase of tax-exemption threshold to MOP600,000 - Annual income above MOP600,000 is taxable at a flat rate of 12% 	<ul style="list-style-type: none"> - Additional deduction of up to MOP300,000 for tax payable in 2019 - Determined based on the global income before distribution of profits and dividends - Tax deductible for all donations (cash or goods) to: <ul style="list-style-type: none"> - Charitable institutions in Macau approved by article 28 paragraph 1(a)(b) of Complementary Tax Regulation - Social organizations of public interest, and national institution and their services in Mainland China

	TAX LAW	2020 BUDGET LAW – YEAR OF ASSESSMENT 2019	2020 ECONOMIC STIMULUS PACKAGE
PROFESSIONAL TAX (Personal income from employment and self-employed professionals)	<ul style="list-style-type: none"> - Annual income below MOP95,000 is exempt from tax - Annual income above MOP95,000 is subject to a progressive tax rate varying from 7% to 12% - Deduction of 25% on taxable income 	<ul style="list-style-type: none"> - Increase of tax-exemption threshold to MOP144,000. - Annual income above MOP144,000 is subject to a progressive tax rate varying from 7% to 12% - Deduction of 30% on the tax payable - Withholding tax: <ul style="list-style-type: none"> - For part-timers: daily wage and other taxable income exceed MOP 640 - For employees: monthly income that exceeds MOP16,000 - Refund of 60% of the tax paid for the year of 2018 with a maximum amount of MOP14,000 	<ul style="list-style-type: none"> - Increase fixed deduction rate from 25% to 30% on taxable income of 2020 - Withholding tax: <ul style="list-style-type: none"> - For part-timers: daily wage and other taxable income that exceed MOP 686 - For employees: monthly income that exceeds MOP17,143 - Increase of tax refund from 60% to 70%, with a maximum amount of MOP 20,000
PROPERTY TAX	<ul style="list-style-type: none"> - Self-used property is subject to a tax rate of 6% on the deemed rental value determined by the Financial Services Bureau - Leased properties are subject to a tax rate of 10% on the actual rental income - Expenses of repairs and maintenance incurred on both categories are deductible up to 10% of the taxable income 	<ul style="list-style-type: none"> - Fixed deduction of MOP3,500 on self-used or leased properties by resident individuals - Reduction of property tax of leased properties from 10% to 8% 	<ul style="list-style-type: none"> - Waive of the 2019 property tax levied on residential units of Macau residents - Property tax levied on properties registered at DSF for the purposes of offices, commercial, industrial, hotels and similar activities: <ul style="list-style-type: none"> - Fixed deduction of MOP 3,500 - Deduction of 25% on the remaining property tax - Fixed deduction of MOP 3,500 on the payable property tax of Macau residents for other purposes not mentioned above.

	TAX LAW	2020 BUDGET LAW – YEAR OF ASSESSMENT 2019	2020 ECONOMIC STIMULUS PACKAGE
TOURISM TAX	<ul style="list-style-type: none"> Hotels, health clubs, sauna baths, massage parlours, karaoke bars, and similar establishments are subject to a tax rate of 5% on the invoicing of services rendered. 	<ul style="list-style-type: none"> Waive of tourism tax for restaurant 	<ul style="list-style-type: none"> Starting from May 1, 2020, waive of tourism tax for six months on hotels, 3 and 4 star apart-hotels, 4 and 5 star tourism complexes, 1st class and luxury ballrooms and bars, health clubs, saunas, massage parlours and karaokes, provided they are dully licensed

Additional tax-related measures include:

- Exemption of the circulation tax paid on commercial vehicles namely buses, taxis, vehicles for transportation of goods, tractors, school vehicles, instruction vehicles, cross-boundary hire vehicles and vehicles registered by hotels, travel agencies and rent-a-car operators or refund of the amount that has already been paid.
- Exemption of stamp duties levied by public departments for the issuing of permits and licenses or refund of the amount that has already been paid.

II. LOCAL SME FINANCIAL SUPPORT MEASURES

The SMEs play an essential role in Macau's economy by providing various goods and services, creating competition, offering innovation, generating employment and contributing to sustainable growth. In times of economic downturn, SMEs find it harder to obtain funding due to their weaker financial structure and lower credit rating.

Thus, to lessen financing constraints, improve access to liquidity and provide immediate relief to local companies, the government maintained the existing support plans, SME Credit Guarantee Scheme and SME Credit Guarantee Scheme Designated for Special Project, changed the requirements to apply for the SME Aid Scheme, launched the SME Loan Interest Rate Subsidy Scheme and a series of other support measures.

As the situation progressed, further measures were required to help the hardest-hit businesses. A second round of economic stimulus was introduced, including subsidies to provide short-term financial support to self-employed and business and an interest subsidy scheme for self-employed professionals.

1st Round Measures

SME CREDIT GUARANTEE SCHEME

- The SME Credit Guarantee Scheme is designed to assist local companies to obtain financing by offering a partial government guarantee coverage equals to 70% of the loan approved by participating banks. The maximum amount of the loan is 7 million patacas corresponding to a guarantee of 4,9 million patacas with repayment period limited to a maximum of 5 years. This plan can be used for any purpose, except for refinancing current loans.

SME CREDIT GUARANTEE SCHEME DESIGNATED FOR SPECIAL PROJECT

- Local SMEs established in Macau for a minimum period of three years can apply for the SME Credit Guarantee Scheme Designated for Special Project. The support plan provides a maximum guarantee of 100% for loans with an amount not exceeding 1 million patacas and a repayment period of 5 years. The loan can be used on special projects related to innovation and restructuring, brand promotion, product quality improvement and new business development. The plan also assists SMEs in short-term financial difficulties due to extraordinary, unpredictable matters or matters that are beyond human control, namely natural disasters and epidemic diseases.

SME AID SCHEME

- The SME Aid Scheme offers interest-free financial assistance of up to MOP 600,000 with a maximum repayment period of 8 years. The existing regulation was amended by the new Administrative Regulation no. 4/2020 published in the Official Gazette, on March 9, 2020, adapted to the current circumstances. Instead of 2 years, companies operating at least one year in Macau can apply for this plan. Moreover, companies that applied for a previous support plan and have not fully repaid that financial assistance can also apply again. The maximum amount granted may be reduced, taking into consideration the amount previously granted.
- Beneficiaries can use the funds for the following purposes: purchase of equipment, renovation, decoration and expansion of business premises, entering into commercial concession or franchising agreements, acquiring rights to exclusive use of technology and intellectual property rights, launching publicity and promotion campaigns, enhancing the operating capacity and competitiveness, use as working capital or to address economic and financial difficulties owing to abnormal, unpredictable or force majeure events.

SME LOAN INTEREST SUBSIDY SCHEME

- The new SME Loan Interest Subsidy Scheme established by Administrative Regulation no. 5/2020 published in the Official Gazette on March 11, 2020, aims to support SMEs in the event of the occurrence of extraordinary, unpredictable or force majeure incidents. Companies that have already secured a bank loan may apply for a maximum of 4% interest subsidy, up to 2 million patacas for three years. Eligible companies must have the loan approved between February 1, 2020, and September 17, 2020.

REIMBURSEMENT ADJUSTMENT FROM PREVIOUS SUPPORT PLAN

- Companies that benefited from previous support plans, such as the "Young Entrepreneurs Aid Scheme," "SME Aid Scheme" and "Special Aid Scheme for SMEs affected by Typhoon Hato," may request for an adjustment of the reimbursement to reduce their next instalment to a minimum of MOP 1,000. The remaining balance will be divided into equal parts and settle in the remaining repayment periods.

OTHER MEASURES FOR SMEs

- Subsidy of Utilities:
 - Subsidy on electricity bills of March, April and May subject to a limit of MOP 10,000
 - Subsidy on water contract during the billing period of May and June subject to a limit of MOP 6,000
 - Subsidy on water contract during the billing period of July and August subject to a limit of MOP 3,000
 - Casinos, hotels with more than three stars and government entities are excluded from the subsidy
- Exemption of rents charges on properties owned by public authorities from February 1 to April 30, 2020
- Exemption of administrative license fees and inspection fees for several sectors including:
 - Hotels and establishments serving food and beverage
 - Entertainment facilities namely gaming parlours, saunas, massage parlours, cinemas, theatre, bowling alley and cybercafés
 - Auditors and Accountants
 - Employment agencies
 - Insurance intermediaries

- Travel agencies, tour guides, tour guide candidates
- Private health care activity
- Pharmaceutical activity
- Social equipment
- Private complementary pedagogical support centres
- Real estate activity
- Property management activity
- Interurban passenger road transports
- Taxi drivers
- Driving schools and respective directors and instructors
- Firearms and ammunition trade
- Exemption of registration fees related to proprietary medicinal products
- Exemption of other administrative fees related to land, sea and air transportations and terrestrial mobile equipment levied by Transport Bureau, Marine and Water Bureau, Civil Aviation Authority and Macau Post and Telecommunications Bureau
- Exemption of parking fee for taxis at the West Car Park of the border checkpoint building of the Hong Kong-Zhuhai-Macau Bridge from February 5 to July 1, 2020
- Extension of the repayment period for one year regarding the interest-free loans granted by the Cultural Industry Fund to creative and cultural industries

2nd Round Measures

SELF-EMPLOYED PROFESSIONALS: TOUR GUIDES, TRICYCLE RIDERS, TAXI DRIVERS, MARKET STALL OWNERS, STREET VENDORS, FISHERMEN, WATER TAXI DRIVERS

- Self-employed residents, holders of the following licenses or supporting documents during the period of January 1, 2009, to March 31, 2020, will be entitled to a one-off subsidy of MOP 10,000:
 - Taxi driver identification card, issued by the Transport Bureau (DSAT) not having a valid taxi license or permit
 - Tricycle rickshaw registration document for passenger transport issued by DSAT

- Hawker license, market stall license and certificate of proof for market booth tenants issued by the Municipal Affairs Bureau (IAM)
- Tour guide card, issued by the Macau Government Tourism Office (DST) and proof of employment issued by a qualified travel agency
- License for transportation of fishermen issued by the Marine and Water Bureau (DSAMA)
- Seaman's Registration Card (Guangdong-Hong Kong-Macau) or equivalent documents issued by Mainland China Authority, as well as the certificate of completion of fishermen course during the closed period for fishing in 2019 issued by the Labour Affairs Bureau (DSAL)

Self-Employed Residents - Group II Taxpayers – Table II

	WITHOUT EMPLOYEES	WITH EMPLOYEES
SUBSIDY	<ul style="list-style-type: none"> - MOP 15,000, if no employees hired 	<ul style="list-style-type: none"> - Between MOP 50,000 to MOP 200,000 depending on number of employees hired – see Table III
ELIGIBILITY REQUIREMENTS	<ul style="list-style-type: none"> - Holders of the Macau Resident Identity Card valid or renewable on March 31, 2020 - Registered as Group II taxpayers for professional income tax, from January 1, 2019 to March 31, 2020 	<ul style="list-style-type: none"> - Holders of the Macau Resident Identity Card valid or renewable as of March 31, 2020 - Registered as Group II taxpayers for professional income tax, from January 1, 2019 to March 31, 2020 - Continues to exercise their professional activity at the date of entry into force of the Administrative Regulation no. 19/2020 - Had hired employees registered as Group I taxpayers and that remained employed as of March 31, 2020

	WITHOUT EMPLOYEES	WITH EMPLOYEES
EXCLUSIONS	<ul style="list-style-type: none"> - Civil Servant contractual staff (between January 1, 2019 to March 31, 2020) except for those who by March 31, 2020 had terminated the contract or were taking unpaid leave and working for private entities. - Individuals who had been in one of the following situations during 2017-2019: <ul style="list-style-type: none"> - Had not submitted the declaration of income for professional tax within legal term - Had declared inexistence of any taxable income, expenses, and results for the purpose of professional income tax - Taxpayers that are entitled to the maximum tax refund of MOP 20,000 for the fiscal year of 2018 	<ul style="list-style-type: none"> - The requirement of exercising the professional activity are not complied in the following situations: <ul style="list-style-type: none"> - Had not submitted the declaration of income for professional tax within legal term and the name list of casual workers or employees subject to professional tax related to last fiscal year - Had declared inexistence of any taxable income, expenses, and results for the purpose of professional income tax

SUBSIDIES FOR COMMERCIAL ESTABLISHMENT OPERATORS (CEO)

- CEO will receive:
 - Subsidy of MOP 15,000, if no employees hired
 - Subsidy between MOP 50,000 to MOP 200,000 per each Commercial Establishment (CE) they operate until the limit of MOP 1 Million depending on the number of employees hired- see Table III
- Eligibility requirements:
 - Being registered as industrial tax taxpayers until December 31, 2019
 - Having CE in accordance with the requirements of article no. 17 of Regulation of Industrial Tax
 - CEO that did not hire any employees will also need to comply with the following requirements:
 - Holders of the Macau Resident Identity Card valid or renewable as of March 31, 2020, or legal persons established in Macau SAR as of March 31, 2020
 - Declared the use of a self-owned or leased property as their CE in the income tax declaration for the last fiscal year or their income was verified by competent authorities

- CE not taken into account for the calculation of the subsidy to be paid to CEO:
 - CE not registered in accordance with the Regulation of Industrial Tax or had ceased their business at the date of entry into force of the Administrative Regulation no. 19/2020
 - Taxis registered as CE
 - Vehicles, other than taxis, subject to industrial tax and registered as CE, except in one of the following situations:
 - The CE has employees
 - The CEO owns only one CE, and it has no hired employees
 - The CEO has two or more CEs of the same type, without employees and does not have any other type of CEs – in which case only one CE will be considered for the purpose of attributing the subsidy
 - Had not submitted the complementary income tax return within the legal term and the name list of casual workers or employees subject to professional tax-related to last fiscal year
 - Had not declared any taxable income, expenses and results for the purpose of complementary income tax

CEOs not eligible to receive this subsidy:

- CEOs that perform the following business activities:
 - Supply of electricity, water, natural gas and fuels
 - Public telecommunications
 - Public transport and Macau light rapid transit
 - Financial activity except for currency exchange office
 - Insurance and reinsurance companies except for natural persons acting as insurance intermediaries
 - Operation and promotion of games of chance in accordance with article no. 2 of Law 16/2001
- Entities with the following nature:
 - Formal education institutes and higher education institutes
 - Legal persons with public administrative utility and entities responsible for humanitarian work

Subsidy Granted To Self-Employed Residents And Commercial Establishments According To Number Of Employees – Table III

NUMBER OF EMPLOYEES	AMOUNT GRANTED (MOP)
Commercial establishments without employees, owned by Macau residents or established in the form of legal persons and that have submitted the complementary tax returns	15,000
1 to 3 employees	50,000
4 to 6 employees	75,000
7 to 10 employees	100,000
11 to 13 employees	125,000
14 to 16 employees	150,000
17 to 20 employees	175,000
Equal to or more than 21 employees	200,000

- Any self-employed resident and CEO that within six months of the date of entry into force of the Administrative Regulation no. 19/2020:
 - Lays off any employees without just cause, will need to return MOP 15,000 for each employee laid-off
 - Cease their activity will need to return the full amount received

A consultation system for the eligibility of self-employed professionals and merchants to the financial support will be launched later.

SELF-EMPLOYED LOAN INTEREST SUBSIDY SCHEME

- Self-employed individuals may apply for a maximum of 4% interest subsidy for loans up to MOP 100,000 for two years. The maximum interest rate subsidy is MOP 8,000. Further details will be revealed after the respective legislation to be completed and published.

BANKING SUPPLEMENTARY OPTIONS

Besides the Macau government's financial support measures catered for SMEs, local commercial banks have also launched a number of products, such as:

- [BNU, which you can find here](#)

- [ICBC, which you can find here](#)

To help find a solution for your particular case, C&C Lawyers will continue compiling other offers in the market.

III. RESIDENTS FINANCIAL SUPPORT MEASURES

The coronavirus outbreak has prompted an immediate response to protect the wellbeing of residents, lower the exposure of low-income families to the crisis and raise aggregate demand in the short term.

Apart from that, the government is planning to devote more resources to training programmes. Demand for training will increase during the current situation and is particularly important to help displaced workers to find new job opportunities.

In the second round of stimulus, the government has made available additional resources to alleviate the impact of the virus outbreak on jobs and the economy. Subsidies and another round of consumption vouchers are aimed to provide temporary financial relief to residents and workers (employed and unemployed) to face this difficult time.

The first and second round of measures to address the financial concerns of residents were as follows.

1st Round Measures

WELLBEING OF RESIDENTS

- The annual cash handouts for the Wealth Partaking Scheme will start in April instead of July. Like last year, permanent residents are entitled to receive MOP 10,000 and non-permanent residents MOP 6,000.
- Beneficiaries of regular financial assistance from the Social Welfare Bureau will receive an additional two months-worth of subsidies, the first one during March 2020 and the second one during September 2020.
- All housing units of Macau residents will be exempt from paying water and electricity bills during March, April and May.
- Macau residents will receive on a one-off basis an additional MOP 600 worth health voucher.

CONSUMPTION E-VOUCHERS

- To boost local demand and benefit SMEs in various sector, the government will issue consumption e-voucher via smart card operator Macau Pass with a value of MOP 3,000. The e-voucher can be used on restaurants, retail services, daily necessities or department stores. The card must be spent within three months period from May 1 to July 31 and subject to a daily spending limit of MOP 300. To receive the Macau Pass, residents must register on the website of the Macau Monetary Authority (AMCM) from March 18 to April 8. Residents can collect the card from April 14 to April 30, at the chosen venue out of 32 government premises and 130 local bank branches.

VOCATIONAL TRAINING

- The government will provide vocational training to local employees, mainly from affected sectors, to help them seize opportunities arising from the government's commitment to invest in infrastructure projects. These training courses aim to educate electricians, plumbers, welders, carpenters, plasterers, ironworkers, refrigeration and air conditioning technicians, technicians for assembling pre-fabricated items and forepersons for construction sites.

2nd Round Measures

SUBSIDY FOR EMPLOYEES

- Employees, Group I taxpayers will receive a one-off subsidy of MOP 15,000 (corresponding to three months subsidy of MOP 5,000). The subsidy covers 25% of last year's median monthly income of MOP 20,000 for residents. Residents can enquire their eligibility to the subsidy here: <https://info.dsf.gov.mo/simple.html>.
- Eligibility requirements:
 - Holders of the Macau Resident Identity Card valid or renewable as of March 31, 2020
 - Registered as Group I taxpayers for professional income tax, from January 1, 2019, to March 31, 2020, even if they are not currently employed
- Exclusions:
 - Civil servants both permanents and contracted staff (between January 1, 2019, to March 31, 2020) with the exception of those who by March 31, 2020, had terminated the contract or were taking unpaid leave and working for private entities.

- Individuals who had been in one of the following situations during 2017-2019:
 - Had not submitted the declaration of income for professional tax within the legal term
 - Had declared inexistence of any taxable income for the purpose of professional income tax
- Taxpayers that are entitled to the maximum tax refund of MOP 20,000 for the fiscal year of 2018

ADDITIONAL CONSUMPTION E-VOUCHERS

- Residents can register for a second e-voucher with a value of MOP 5,000 to be spent between August and December. Considering the first and second round of consumption e-vouchers, each resident will receive MOP 8,000 to support local business.

PAID OCCUPATIONAL TRAINING

- Unemployed residents that attend government training courses will receive a training subsidy of MOP 6,656. The Labour Affairs Bureau will provide job-matching services upon completion of the training program.
- Each employer can enrol up to 5 employees to government training courses to improve their technical and professional abilities. The employer will be entitled to a MOP 5,000 subsidy for each employee that attends the training course during working hours provided that no deduction will be made to the salary of that employee.

Employers may also recommend the employees that are taking no-pay leave to attend the government training courses. Upon completion, the employees will receive a MOP 5,000 subsidy.

The government will continue assessing the adequacy of these measures to ensure the effectiveness of their implementation and ensure appropriate adjustment to the stimulus package as the economy recovers. Some changes along the way are expected according to the feedback of that assessment.

The information contained in this article is based on the information currently available from official sources. Some measures need supporting legislation or regulations that have not yet been approved or made public. We will update this article on our website when legislation is published, or relevant details are available.

To keep informed on these and other matters, make sure to visit our website and subscribe to our newsletter at:

IV. SHORT CHRONOLOGY OF EVENTS, FOR CONTEXT

The response to the outbreak has been very strict but very successful. On February 5, 2020, all casinos and other entertainment facilities such as theatres, gyms, health clubs, cinemas, night clubs, bars, and karaoke were ordered to close for 15 days. Since March 18, all non-residents were banned from entering Macau with exceptions of residents from Mainland China, Hong Kong and Taiwan. On March 19, the government extended the entry ban to all non-resident workers except for residents from Mainland China, Hong Kong and China. Starting on March 25, all residents of Mainland China, Hong Kong and Taiwan who had travelled outside China in the last 14 days were also banned from entering Macau. Macau residents who had travelled to other countries, including Hong Kong and Taiwan in the previous 14 days were required to undergo 14 days of medical observation. All connecting flight were no longer allowed in the Macau International Airport. The commitment to halt the spread of the virus has unavoidably led to the slowdown of all economic activity.

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