



## EMPLOYMENT | Things to Know about the Second Tranche of Hong Kong's Employment Support Scheme

The Hong Kong Government has announced details of the second tranche of the Employment Support Scheme (ESS). Applications for this tranche run from 31 August to 13 September 2020. For background to the ESS, please refer to our earlier [update](#).

Below are what employers need to know about the second tranche:-

- **Eligibility (unchanged)** – The eligibility requirement is the same as that of the first tranche (please see our earlier [update](#)). However, self-employed persons who have already received the one-off lump-sum subsidy in the first tranche will not be allowed to make another application in the second tranche.
- **Duration** – The second tranche of wage subsidy covers the three-month period from September to November 2020 (the Subsidy Period).
- **Amount (unchanged)** – The method of calculating the wage subsidy remains unchanged. The amount of subsidy for September, October and November will be 50% of actual wages in the “specified month”, capped at HK\$18,000 per employee per month. For the second tranche eligible employers can choose a different month (to that used in calculating the subsidy for the first tranche) between December 2019 and March 2020 as the “specified month”.

There is also an improved arrangement for employees aged 65 or above who have MPF accounts:-

- If information on the employment of those employees (but not their wages nor the MPF voluntary contributions made for them by their employers) is shown on their employers’

MPF record certificates, the amount of wage subsidies will be calculated based on the number of those employees engaged in the “specified month”, with a subsidy of HK\$5,000 per employee per month.

- Where the amount of wage subsidy for any of the employees aged 65 or above that is calculated based on 50% of the actual wages or 10 times of the voluntary MPF contributions is below HK\$5,000 per month, the employer may still receive a wage subsidy of HK\$5,000 for each of such employees per month.
- Undertakings (unchanged) – There is no change to the required undertakings to be given by eligible employers, namely (a) the number of paid employees (excluding those on no-pay leave) in September, October and November 2020 should not be less than the total number of paid and unpaid employees in March 2020, and (b) employers must spend all the wage subsidies on paying wages to their employees during the Subsidy Period.
- (New) Additional undertakings. There will be additional undertakings required to be provided by the following employers if they decide to apply for the second tranche of ESS:-
  - Major property management companies should undertake to give back at least 80% of the amount equivalent to their wage subsidies to the owners or owners’ associations.
  - The two major supermarket chains (namely, ParknShop and Wellcome) should undertake to provide cash coupons or more discounts to customers and NGOs (non-governmental organisations) during the Subsidy Period.
- Penalties (unchanged) – The calculation method of the “claw back” and the “penalty” remains unchanged from the first tranche.
- (New) Additional penalties.
  - (For employers who received first tranche subsidies) The Government may reject an employer’s application for the second tranche of wage subsidies if the Secretariat considers that the magnitude of “redundancies made” by the employer during the subsidy period of the first tranche (from June to August 2020) was substantial, and the employer fails to prove its intention to employ persons to replace those being laid off and/or re-employ those who have been laid off, or there is no reasonable explanation provided for the “redundancies made”; and
  - (For employers who receive second tranche subsidies) The Government may claw back the second tranche of wage subsidies paid to an employer (in full or in part) if the Secretariat considers that the magnitude of redundancies made by the employer in its company during the subsidy period of the second tranche was substantial, and the employer fails to prove its intention to employ persons to replace those being laid off and/or re-employ those who have been laid off, or there is no reasonable explanations provided for the redundancies made.

We also understand that the Terms and Conditions for the second tranche will include the following (but as yet have not seen those Terms and Conditions):

- (For employers who received first tranche subsidies) The Government may reject an employer’s application for the second tranche of wage subsidies or, if the subsidies have been disbursed, require the employer to return the subsidies (in full or in part) within a specified period, if the employer has, during the period from June to August 2020, engaged in conduct which directly or indirectly violates the objective of retaining

- employment under ESS, or is contrary to public interest;
- (For employers who receive second tranche subsidies) The Government may require the employer to return the second tranche of wage subsidy (in full or in part) within a specified period if the Secretariat considers that the employer has, during the period from September to November 2020, engaged in conduct which directly or indirectly violates the objective of retaining employment under the ESS, or is contrary to public interest.
  - Timing of Application – Employers can submit an online application from 7am on 31 August 2020 to 11:59pm on 13 September 2020. Employers who have applied for the first tranche (regardless of the application result) must submit a new application for the second tranche of wage subsidies.
  - Timing of Payment – Eligible employers who have provided accurate information can expect to receive wage subsidies three to four weeks after submission of the application.
  - (New) Recovery of penalty/unspent balance under first tranche: An employer who has breached an undertaking given under the first tranche of wage subsidy will have to pay the required penalty to the Government, together with any unspent balance of the first tranche wage subsidy. These amounts will be deducted from the wage subsidies of the second tranche wage subsidy (if the application is approved).

For further information on the second tranche of the ESS, please see the following:-

<https://www.ess.gov.hk/en/index.html>

[https://gia.info.gov.hk/general/202008/18/P2020081800771\\_347580\\_1\\_1597753994833.pdf](https://gia.info.gov.hk/general/202008/18/P2020081800771_347580_1_1597753994833.pdf)

## Authors

- [Duncan A. W. Abate](#)
- [Hong Tran](#)
- [Jennifer C. W. Tam](#)
- [Liu Jang Kwok](#)