

LEGAL ALERT

**COVID-19 GOVERNMENT SUPPORT MEASURES FOR
SMALL MEDIUM ENTERPRISES**

April 20, 2020



The global spread of the novel coronavirus (COVID-19) has plunged the world into an unprecedented challenge, with effects that go far beyond public health. While the real impact in local economy is yet to be unveiled, there is little doubt that both families and enterprises will suffer significant losses as a direct result of COVID-19. This is particularly true in a tourism-driven economy, which is severely affected due to the travel restrictions and border shutdowns in force throughout the globe, Macau included.

In view of the risks of bankruptcy and mass redundancy faced by most of the Small and Medium Enterprises (SME) and employees, the Macau government felt the urgency of implementing measures to minimize the impacts of COVID-19 in Macau's economy. There was a 1st round of Economic Support Measures, which is already in force, and consisted in a series of projects aiming mostly at the reduction and exemption of taxes and fees. The 2nd round, recently announced by the Secretary for Economy and Finances, determines the creation of a special fund totaling 10 billion patacas aimed to protect employment, stabilize the economy and to maintain the quality of life of the Macau population.

This alert offers a comprehensive list of the economic measures already in force or to be implemented, aiming to assist SMEs.



Scope^[1]

- | | |
|--|---|
| <ul style="list-style-type: none"> Facilitates the application conditions to an existent Support Plan for SMEs^[2], granting interest-exempt funds up to MOP600,000 | <ul style="list-style-type: none"> Interest Rate Subsidy Plan, supporting the payment of interest rates owed by SME due to loans granted by local financial institutions <ul style="list-style-type: none"> Maximum annual rate limit: 4% Maximum period: 3 years |
|--|---|

Requirements[1]

- SME in activity for at least 1 year (instead of the previous 2)
- Funds to be used to finance the development or the commercial activities of the company
- Funds to be reimbursed within 8 years
- Requires the provision of a guarantee

Requirements[1]

- Registration at DSF
- Facilities must have been granted to face extraordinary events or situations of *force majeure*
- SMEs with adequate financial situation
- Facilities granted by banks authorized to practice in Macau
- Facilities used in the activities of SME

In force



Scope ^[1]					
i. Complementary Income Tax deduction of MOP300,000 for the year 2019	ii. Property Tax deduction for the year 2020 in the amounts of: (i) MOP3,500 ; and (ii) 25% over the remaining amount after the previous deduction	iii. 6-month period of Tourism Tax exemption (starting from April)	iv. Stamp duty tax exemption for the issuance and renovation of licenses and permits in the year 2020	v. Circulation Tax exemption in the year 2020 for certain type of commercial vehicles	

Requirements^[2]

- Properties registered at the DSF with hospitality, commercial, industrial or office purposes
- Hotels, bars or similar establishments^[3]
- “Health Clubs”, saunas, massage rooms and “karaoke”
- Licenses and permits referred in articles 2 and 28 of the Table of the Stamp Duty Regulation
- Vehicles listed in Article 24-B of the Bill to Amend the Government Budget for 2020

In force



Beneficiaries ^[1]							
Without employees	1 to 3 hired employees	4 to 6 hired employees	7 to 10 hired employees	11 to 13 hired employees	14 to 16 hired employees	17 to 20 hired employees	21 or > hired employees
Scope ^[1]							
MOP	MOP	MOP	MOP	MOP	MOP	MOP	MOP
15,000	50,000	75,000	100,000	125,000	150,000	175,000	200,000

Requirements^[1]

- Complementary tax income declaration submitted
- Maximum amount of 1 million patacas in case the same taxpayer is owner of more than 1 commercial establishment
- Compulsory refund (calculated pro rata) in the event of dismissal without just cause of the relevant employee(s) within a 6-months period
- Plan not applicable to institutions in the following areas: electricity, potable water, natural gas and fuels, public buses and metro, public telecommunication services, financial sector, regular and high education system, social assistance, gaming sector, etc.

Announced by The Government ^[4]



Scope^[1]

- i. Exemption on water and electricity bills
- ii. 3-months period (March to May)

Requirements^[1]

- Not applicable to casinos, hotels rated with 3 stars or more, and governmental entities

In force

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^[1] *This legal alert covers the most relevant details and conditions of the relevant economic measures. For further details, please consult the relevant legislation;*

^[2] *Please refer to Administrative Regulation no. 9/2003 for further details;*

^[3] *Please refer to Articles 5 and Article 6 of the Decree-law no. 16/96/M for further details;*

^[4] *Measures announced; Draft Bill under preparation by the Macau Government.*