



Horwath HTL

Hotel, Tourism and Leisure

INDUSTRY REPORT: COVID-19 IMPACT

*Country Specific
Assistance benefiting
the Tourism and
Hospitality Sector*

27th APRIL 2020 - Version 2

Introduction

The global economy is under enormous strain as it deals with the fallout from the COVID 19 virus. All industries and all sectors are affected, but none more so than hospitality.

By its very nature the hospitality business is entirely dependent on the movement of people and a fall-off in demand of this magnitude has never been experienced before. Hotels, restaurants, airlines, resorts, bars and all other businesses related to travel and tourism have come to a grinding halt.

About 20 years ago, many mature societies observed a shift in behaviour. This shift was families and individuals spending more on travel and experiences than they spent on household goods.

What is positive about this crisis is that for the first time travel and tourism has been named specifically as an industry that is vital in any functioning economy and in fact many economies derive a considerable amount, if not the majority of their GDP from travel and tourism related activities.

Many governments recognise this and have put extraordinary measures in place to try and protect these businesses. There is a recognition that, certainly in the short term, these businesses need to be mothballed and supported as opposed to being closed down. This makes very good business sense as the expense and time spent ramping these businesses back up to efficient levels is a lot more expensive. This of course is predicated on the exceptional circumstances lasting around three months as opposed to 6 months or longer.

It will come as no surprise of course to see that some governments are more supportive than others. This is for a variety of reasons, not least of which some countries are unable to afford the levels of support required.

We decided to start collating these industry support measurements on a country by country basis so that we can create a best practice benchmark that shows the different approaches. Hopefully once this crisis passes we will be able to look at the various measures adopted and figure out which was the most effective and why. It would be wonderful if this was the last such crisis in our lifetimes, but it seems more likely that it won't be. As long as we learn as much as we can about how to keep entire economies and industries afloat, what works and what doesn't work, we will be in much better shape to deal with the next one.

Our goal is to update this report on a weekly basis as we obtain more information, please circulate and look out for further editions.

We have made a comparative compilation of benefits extended by several nations for the hotel sector, and for tourism. The compilation will be updated for information from other countries as sector specific information becomes available

James Chappell
Global Business Director, Horwth HTL

Asia Pacific: Australia

	Policies & Benefits
Wages	Government will pay AUD 1,500 fortnightly per employee from 30-Mar-20
Aid	<ul style="list-style-type: none"> AUD 1 billion to support sectors including tourism which are disproportionately affected by economic impact of COVID-19 Support will include waiver of fees at specified tourist places of interest

Asia Pacific: China (New)

National	Policies & Benefits
Travel Agencies	80% of the travel agency deposit is temporarily returned to licensed tour agencies, and the total amount is around 8 billion RMB by Feb 25th.
Transportation, Catering, Accommodation & Tourism	<ul style="list-style-type: none"> The maximum carryover period for the loss incurred in 2020 is extended from 5 years to 8 years. Income from general service industries and public transportation is exempted from value added tax.
Cities	Policies & Benefits <i>(Detailed policies and amount varies amongst cities)</i>
Financial Support	<ul style="list-style-type: none"> Provide bail-out funds for qualified tourism enterprises especially for SMEs. Offer tax & fee reduction, e.g. reduction of VAT and reduced/delayed social security payments.
Employment	<ul style="list-style-type: none"> Subsidize tourism SMEs that offer employment opportunities/did not lay off workers. Offer subsidies for enterprises that provide training programs.
Rent & Utilities	<ul style="list-style-type: none"> Provide rent reduction directly or provide subsidies for landlords that offer rent reduction. Implement utilities subsidies or extend payment deadline.
Loans & Financing	<ul style="list-style-type: none"> Encourage financial institutions to provide low-interest loans, loan extensions and loan renewal support with interest subsidies from the government.
Consumption	<ul style="list-style-type: none"> Provide coupons in different fields: traveling, catering, accommodation and entertainment. Launch 2.5-days-off per week in several cities.
Tourism	<ul style="list-style-type: none"> Encourage Class-A tourism attractions to be free of charge to the public. Encourage travel agencies to attract domestic tourists. Offer subsidies for tourism promotional campaigns. Encourage online tourism development.
Hotels	<ul style="list-style-type: none"> Subsidize hotels on special room rate offer.s
Events	<ul style="list-style-type: none"> Extend convention center rental payment deadline. Offer subsidies for events including waiving venue rental fee.

Asia Pacific: Hong Kong

	Policies & Benefits
Wages	<ul style="list-style-type: none"> Government will pay 50% monthly salary for every local employee (salary up to HK\$9,000) for six months First Payout from June 2020
Rental Concessions	Govt. Rental concession for Apr-Sep '20 to increase from 50% to 75%
Metro Train Fares	Train fares to be lower by 20% for six months from 1 July 20
Airlines	Airlines and aviation operators to get aid of HK\$ 2 billion

Asia Pacific: Taiwan (New)

	Policies & Benefits
Tourism & Travel Sector	<ul style="list-style-type: none"> Travel agencies, hotels, amusement parks, B&Bs, and tour guides, are eligible for paid training programs at the minimum hourly wage of NT\$158 for 120 hours, which would provide for up to NT\$18,960 for each worker furloughed during the pandemic. Travel agencies, hotels and amusement parks could apply for loans up to NT\$50 million each, while B&Bs will be eligible for loans up to NT\$16 million each. Self-employed workers/freelancers, tour guides eligible for a subsidy of NT\$30,000. Ministry of Transportation & Communications earmarked NT\$1.5b to aid hotels and B&Bs. Hotels would receive NT\$200,000 and NT\$10 million as part of the plan, depending on their size, while B&Bs and those that have received the Taiwan Host certification from the Tourism Bureau would receive between NT\$50,000 and NT\$100,000 respectively. The nation's five largest travel agencies, which typically arrange 500 tours annually, would receive a subsidy of up to NT\$25 million. Mid-sized travel agencies and hotels would be eligible for loans ranging from NT\$150 million to NT\$500 million, which are to be provided through additional funding of NT\$150 billion package for mid-sized companies that the central bank announced last week.

Asia Pacific: Indonesia (Updated)

	Policies & Benefits
Total Aid	<ul style="list-style-type: none"> IDR 500 billion (USD32m budget for social protection programs for tourism players)
Wages & Employment	<ul style="list-style-type: none"> 189,000 workers in hospitality industry proposed to receive the Pre-Employment Card to improve the competency, productivity and competitiveness of the workforce, as well as to reduce the living cost due to the COVID-19 pandemic.
Taxes	<ul style="list-style-type: none"> Employees income tax (Pajak Penghasilan - PPh) Article 21 to be borne by the government Accelerated value added tax (VAT) refunds 30% reduction for the income tax (PPh) Article 25 instalments
Others	<ul style="list-style-type: none"> Providing accommodation and transportation for medical personnel Empower SMEs through fabric masks and ready-to-eat dishes program

Asia Pacific: Malaysia

	Policies & Benefits
Total Aid	<ul style="list-style-type: none"> Govt will pay 50% monthly salary for every local employee (up to HK\$9,000) for six months First Payout from June 2020
Wages	Reduction of Employee Provident Fund to 4% from 7%-11%, estimated cash in hand of \$2.2 billion
Taxes	<ul style="list-style-type: none"> Deferral of monthly tax debts for 6 months from Apr-20 for all travel agencies, hotels, airlines and businesses in the tourism industry Hotels Exempt from Service Tax from Mar-20 to Aug-20 Tax free tourism expenses up to \$226, for individuals from Mar-20 to Aug-20
Others	<ul style="list-style-type: none"> Travel Discount Vouchers : Govt. collaboration with Airlines and Hotels to offer \$22 per person as discount vouchers \$6 million to promote Malaysian Tourism Skills Training: \$45 million for impacted sectors such as Hospitality and Tourism

Asia Pacific: New Zealand (New)

	Policies & Benefits
Wages	<ul style="list-style-type: none"> Government pays 78% of the weekly minimum wage per week for people working more than 20 hours per week and 46% of weekly minimum wage for people who work less than 20 hours per week. Subsidy paid as lump sum to employer to pass on to employees and covers 12 weeks <ul style="list-style-type: none"> Employers must make best endeavours to pay employees 80% of their normal income Business must have experienced 30% decline in actual or predicted revenue. If not, received subsidies need to be paid back
Taxes	<ul style="list-style-type: none"> Businesses expecting to make a loss in the 2020 or 2021 tax years can apply for a refund of some or all the tax already paid for the year they were in profit. Businesses can now claim tax depreciation deductions for commercial buildings, previously tax depreciation on all building was at 0% Tax office will waive interest and penalty payments for businesses unable to pay their taxes on time due to the impact of COVID-19 Auckland Council has postponed the targeted rate for payable by hotels.
Loans	<ul style="list-style-type: none"> A six month principal and interest payment holiday for mortgage holders and SME customers whose incomes have been affected by the economic disruption from COVID-19. Businesses with annual revenue between \$250,000 and \$80 million can apply to their banks for loans up to \$500,000, for up to three years. Government is guaranteeing 80% of the risk, while the banks are covering the remaining 20%.

Asia Pacific: Singapore (Updated)

	Policies & Benefits				
Wages	<p>The "Circuit-Breaker" in Singapore has now been extended to 1 June. As a result, the Singapore government has extended the Jobs Support Scheme (JSS) wage subsidy of 75% for all sectors (up to \$4,600 gross salary) for May 2020, to be paid as an additional payout by the end of May. The 75% will be calculated on actual salary payments made in November 2019. (The JSS of 75% for April was based on October 2019 salary payments). Here's how the payments are being calculated and made:</p>				
			Aviation & Tourism	Food Services	Others
			Computation of Payout: Capped at first \$4,600 of gross monthly wages. Based on:		
	Payout 1	April 2020	+75% Oct '19 wages +75% Nov '19 wages +75% Dec '19 wages	+75% Oct '19 wages +50% Nov '19 wages +50% Dec '19 wages	+75% Oct '19 wages +25% Nov '19 wages +25% of Dec '19 wages
	Additional Payout	May 2020	+75% Nov '19 wages	+75% Nov '19 wages	+75% Nov '19 wages
	Payout 2	July 2020	+75% Feb '20 wages +75% Mar '20 wages +75% Apr '20 wages	+50% Feb '20 wages +50% Mar '20 wages +(75% Apr '20 wages -25% Oct '19 wages) ^{A1}	+25% Feb '20 wages +25% Mar '20 wages +(75% Apr '20 wages -50% Oct '19 wages) ^{A1}
Payout 3	Oct 2020	+(75% May '20 wages -75% Nov '19 wages) ^{A2} +75% Jun '20 wages +75% Jul '20 wages	+(75% May '20 wages -75% Nov '19 wages) ^{A2} +50% Jun '20 wages +50% Jul '20 wages	+(75% May '20 wages -75% Nov '19 wages) ^{A2} +25% Jun '20 wages +25% Jul '20 wages	
	<p>A1: this adjustment is for the temporary JSS enhancement for the April 2020. Any negative quantum for a single employee will be offset from the overall JSS payout by the employer. A2: Any negative quantum for a single employee will be offset from the overall JSS payout by the employer.</p>				
Taxes	100% property tax rebate for commercial properties including hotels, serviced apartments, tourist attractions and eateries for 2020				
Loans	<ul style="list-style-type: none"> • Increase in Government's risk share of loans from 80% to 90% from Apr '20 to Mar '21. • The Singapore Parliament passed a bill earlier this month to assist those unable to fulfil contractual obligations such as loan/mortgage and commercial lease payments, and protects deposits for functions cancelled due to the circuit breaker measures (ie Wedding banquets). • The bill prohibits landlords from terminating a lease, or lenders from foreclosing on mortgaged property due to non-payment because of the COVID-19 outbreak, and allows for deferment of lease and loan payments for up to six months. The Bill will be valid for six months, with Law Minister K Shanmugam given power to extend it up to a year. 				

Africa: Ivory Coast (New)

	Policies & Benefits
Wages	<ul style="list-style-type: none"> • Pending VAT liabilities, taxes and social charges deferred till July (exemption for small companies in the hospitality and tourism sector) • No rent increase for at least three months
Taxes	<ul style="list-style-type: none"> • Future tax controls suspended till July
Aid	<ul style="list-style-type: none"> • Establishment of a support fund for the private sector for an amount of 415 million USD.

Europe: Croatia

	Policies & Benefits
Wages & Employment	<ul style="list-style-type: none"> Supporting employees with fixed salary of \$580 per month (March to May, and further if needed) Government also pays Income Tax on this
Taxes	<ul style="list-style-type: none"> Payment of tourist tax repealed, for duration of crises Income tax repealed – for duration of crises – for companies with > 50% revenue decline For other companies – with <50% revenue decline, income tax payments postponed
Under Consideration	<ul style="list-style-type: none"> Repeal of various parafiscal fees e.g. concessions for tourist land, beaches, waterfronts Reduction of electricity costs

Europe: Cyprus

	Policies & Benefits
Tourism & Hotels	<p>The Tourism 'restart' period is set for 1st June. Promotional measures will include:</p> <ul style="list-style-type: none"> Government guarantees for prepayments effected by tour operators and tourist (direct bookings) and will issue coupons valid until the end of 2021. Various subsidies have been given to Hoteliers (90% of staff cost) whilst a subsidy for energy and overhead costs is still under consideration. The target is only 30% of the comparative arrivals of last year and mostly countries with lower incidents of the pandemic.

Europe: France

	Policies & Benefits
Wages	<ul style="list-style-type: none"> Compensation equal to 70% of gross salary to employees for wages up to €6,927 gross monthly. Employees with minimum wage are 100% compensated. Businesses will be fully reimbursed by the State.
Tax	Up to three months grace period for social charges
Loans	Govt's 50% Risk Share for loans granted to small & medium business - up to 25% of 2019 revenues

Europe: Greece (New)

	Policies & Benefits
Fiscal Policy	<p>The Greek government has launched a fiscal package of economic support measures which will total EUR 3.8 billion, EUR 2.0 billion of which have already been announced by the government and another EUR 1.8 billion from a special fund of the European Union.</p> <ul style="list-style-type: none"> • VAT on hygiene products will be reduced from 24% to 6.0% until the end of the year. • Enterprises shutting down operations will pay 60% of their rent for March and April. • The same measure will be valid for workers' primary residences, while a four-month suspension of tax payments and tax settlement tranches has been announced.
Monetary Policy	<ul style="list-style-type: none"> • Financing of enterprises in the form of return advance payment to deal with a reduction in turnover and payroll and non-payroll costs, estimated at around EUR 1.0 billion. • An additional EUR 1.8 billion will be exploited immediately from the special European fund for actions to support liquidity, employment and workers' incomes. • The Greek state will immediately pay all state arrears to the private sector. • Banks will present interventions and measures covering enterprises and individuals along with financing instruments to support liquidity. The government has also taken measures to protect the stock exchange.
Employment	<ul style="list-style-type: none"> • Workers whose labour contracts are temporarily suspended will receive EUR 800 in April - the state will cover their social insurance and health contributions. • All tax payment obligations are suspended for four months. This measure will cover around 500,000 workers at a cost of around EUR 450 million. • Self-employed, personal enterprises, etc, all tax payments are suspended for four months.

Europe: Italy

	Policies & Benefits
Wages & Employment	<ul style="list-style-type: none"> • Total Employment Support - €10.4 billion includes: • Freezing of layoffs for 2 months for all workers • Extension of unemployment insurance
Taxes	<ul style="list-style-type: none"> • No work taxes for the next 2 months - €10 billion • Total €2.4 billion reduction in taxes includes: <ul style="list-style-type: none"> - Suspension of VAT - 60% tax break on commercial rent - 50% tax break on sanitization costs - Deducibility of donations for COVID-19 - Suspension of expiring tax payments demands and tax declarations
Loans	Government's Risk Share for loans up to €800,000 – 70-80%

Europe: Hungary (New)

	Policies & Benefits
Total Aid	<ul style="list-style-type: none"> 1.5-3.0% of GDP capped at 22% (of which a significant component is the credit guarantee)
Taxes	<ul style="list-style-type: none"> Companies in the most affected industries (tourism, F&B, sport, etc.) are exempt of payroll related expenses until 30.06.2020 Tourism tax exemption until 31.12.2020 Social security paid by the companies/pension contribution paid by employees/healthcare contribution paid by employees/tourism development contribution is suspended till 30 April '20
Loans	<ul style="list-style-type: none"> All currently running loans and credits, whether for private individuals or companies, are given a grace period / payback and admin cost freeze until 31.12.2020. Loans and credits, whose agreement would terminate during this period, are to be automatically prolonged Approximately EUR1.7 billion special loan for hotel and tourism developments (to improve infrastructure by the time standard operation resumes)
Wages & Employment Welfare	<ul style="list-style-type: none"> The state will pay 70% of net wages for hours that employees cannot work if companies can show a 15%-75% reduction in man-hours (capped at approx. EUR210/person) For Hungarians who have lost their jobs due to the pandemic, the state is offering a zero-interest student loan to cover living costs while paying 95% of the cost of retraining programs Loan package made available to retain staff (for maximum 9-month period) for 0.1% interest to be paid back in 2 years
Other	Non-residential rental agreements cannot be terminated until 30.06.2020 to protect tenants

Europe: Ireland (New)

	Policies & Benefits
Wages	<ul style="list-style-type: none"> Temporary COVID-19 Wage Subsidy Scheme for employers, 70% - 85% subsidy, subject to caps €410 per week COVID-19 Pandemic Unemployment Payment for employees and self-employed - €350 per week, up to 12 weeks Short Term Work Support for employees Illness benefit for Covid-19 absences (Enhanced Illness Benefit) €350 per week
VAT	<ul style="list-style-type: none"> Suspension of interest on late payments of VAT liabilities for Jan/Feb and March/April 2020. The government has agreed with local authorities that they should agree to defer rates payments due from the most immediately impacted businesses including hospitality for three months, until end-May.
Loans	<ul style="list-style-type: none"> 3 month moratorium on repayments from all 5 major banks. SBCI Covid-19 Working Capital Loan Scheme originally €250m increased to €450m - Loans €25k to €1.5m SME Credit Guarantee Scheme - Loans of €10k up to €1m Local Enterprise Office - Business continuity voucher €2,500 for third party consulting costs to help with financial, planning, IT, development & HR Microfinance Ireland Loans - Various grants available for SMEs Financial grants specific for businesses including hospitality within Gaeltacht locations

Europe: Netherlands (New)

	Policies & Benefits
Wages	Temporary emergency bridging measure for sustained employment, which compensates max. 90% salary costs for businesses that expect a min. 20% decrease in revenues in three consecutive months between March and July 2020. No personnel may be let go during that period.
Taxes	<ul style="list-style-type: none"> • 3 months deferral of tax payments for most taxes, including payroll taxes, corporate income tax, VAT, insurance premium tax, betting tax, excise duty, consumer tax and environmental taxes (e.g. energy tax, waste tax) • Reduced recovery interest rate to approx. 0% • Deferral or suspending city taxes is discussed
Loans	<ul style="list-style-type: none"> • Increase of the business loan guarantee scheme (GO facility): 80% guarantee for loans of min. €1.5 million and max. € 150 million. Up to 90% of loans when the company is a SME.
Others	<ul style="list-style-type: none"> • Compensation of missed income due to closures of outlets is discussed • Compensation for SME in sectors hit by government measures, including hospitality, for decline in revenue between March and June: € 4,000 net • Government support for airline Air France-KLM (incl. Transavia) t.b.d. but expected

Europe: Spain (Updated)

	Policies & Benefits
Wages	<ul style="list-style-type: none"> • €440 to temporary workers who lose their jobs. • Furlough scheme provides for 70% of workers' wages. In return, companies must keep their jobs for 6 months from the lifting of the state of emergency. • Plans underway to implement a minimum payment of €500 - €600 per month for those segments at greatest economic risk.
Taxes	<ul style="list-style-type: none"> • Deferral of Tax Debts for companies up to €30,000 for 6 months. • Professionals and businesses with an annual turnover of up to €600,000 may delay their obligation to file and pay VAT, and company and personal income tax from April 20 to May 20.
Social Security	<ul style="list-style-type: none"> • Moratorium of 6 months for Social Security contributions payment – • applicable to SMEs and self-employed workers; no interest on delayed payment.
Loans	<ul style="list-style-type: none"> • Government guarantee covers, in the case of the self-employed and SMEs, 80% of new loans and loan renewals. • For other companies, 70% of new financing and 60% of renewals are guaranteed. • Total commitment by the state to guarantees set at €100 billion. • 1st tranche – total €20 billion to medium to large companies across sectors.

Europe: United Kingdom

	Policies & Benefits
Wages & Staff Welfare	<ul style="list-style-type: none"> • 80% salary paid by government for hospitality workers on unpaid leave, only for companies who have not fired any staff • Sickness benefit of £94.25/ week for self-employed sick workers • Universal Credit standard allowance increased by £1000
Taxes	<ul style="list-style-type: none"> • Pending VAT liabilities deferred till June end • Future VAT liabilities waved off till end of the year • Tax credit allowance to be increased
Loans	<ul style="list-style-type: none"> • Govt to provide £350 billion in loan guarantees across sectors • Coronavirus Business Interruption loan scheme is interest free for 12 months • 3 month mortgage holiday without credit repercussion
Others	<ul style="list-style-type: none"> • Eviction of commercial and residential tenants made illegal for 3 months • Grants of £10k - £25k for small hospitality businesses



Horwath HTL

Hotel, Tourism and Leisure

AFRICA

Ivory Coast
Rwanda
South Africa

ASIA PACIFIC

Australia
China
Hong Kong
India
Indonesia
Japan
Malaysia
New Zealand
Singapore
Thailand

EUROPE

Andorra
Austria
Croatia
Cyprus
France
Germany
Greece
Hungary
Ireland
Italy
Netherlands
Norway
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