



Horwath HTL

Hotel, Tourism and Leisure

INDUSTRY REPORT: COVID-19 IMPACT

*Country Specific
Assistance benefiting
the Tourism and
Hospitality Sector*

20th APRIL 2020 - Version 1

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, Horwath 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: 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: Indonesia

	Policies & Benefits
Total Aid	USD(\$) 725 million to Tourism and Airline Industry
Tourism Financial Incentives	<ul style="list-style-type: none"> Airlines & Travel Agencies - \$6 million Tourism Marketing and Promotions - \$7.1 million Social Media Influencers - \$5 million
Taxes	Tax waivers for hotels and restaurants located in 10 tourist hotspots for next 6 months
Others	<ul style="list-style-type: none"> Travel Discounts: 30% discounts for flights from Mar '20 to May '20 (\$27 million) to any 10 Govt. promoted destinations \$237 million as grants to local government hit by tourism slump

Asia Pacific: **Malaysia**

	Policies & Benefits
Total Aid	<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
Wages	Reduction of EPF (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: **Singapore**

	Policies & Benefits												
Wages	<p>Government will pay 75% on the first \$4,600 of gross monthly wages for every local employee for April 2020. May 2020 onwards for another 8 months:</p> <ul style="list-style-type: none">• 75% Wage support for Aviation & Tourism• 50% Wage support for Food Services• 25% Wage support for Other sectors <p>Payments will be made in three tranches:</p> <table><tr><th>PAYOUT</th><th>PAID IN</th><th>WAGES COVERED FOR</th></tr><tr><td>1st</td><td>Apr-20</td><td>Oct-Dec'19</td></tr><tr><td>2nd</td><td>Jul-20</td><td>Feb-Apr'20</td></tr><tr><td>3rd</td><td>Oct-20</td><td>May-Jul'20</td></tr></table>	PAYOUT	PAID IN	WAGES COVERED FOR	1st	Apr-20	Oct-Dec'19	2nd	Jul-20	Feb-Apr'20	3rd	Oct-20	May-Jul'20
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1st	Apr-20	Oct-Dec'19											
2nd	Jul-20	Feb-Apr'20											
3rd	Oct-20	May-Jul'20											
Taxes	100% property tax rebate for commercial properties including hotels, serviced apartments, tourist attractions and eateries for 2020												
Loans	Increase in Government's risk share of loans from 80% to 90% from Apr '20 to Mar '21												

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: 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	Government's 50% Risk Share for loans granted to small and medium business - up to 25% of their 2019 revenues

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 Deductibility 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: Spain

	Policies & Benefits
Wages	€440 to temporary workers who lose their jobs.
Taxes	Deferral of Tax Debts for companies up to €30,000 for 6 months
Social Security	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"> • 1st Batch – total €10 billion million to medium to large companies across sectors • Government's Risk Share for New loans – 70% • Government's Risk Share for Renewed loans – 60%

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
Poland
Portugal
Serbia
Spain
Switzerland
Turkey
United Kingdom

LATIN AMERICA

Argentina
Brazil
Dominican Republic
Mexico

MIDDLE EAST

UAE & Oman

NORTH AMERICA

Atlanta
Denver
Los Angeles
Miami
Montreal
New York
Norfolk
Orlando
Toronto