

**Fifty-sixth Meeting of  
the Business Facilitation Advisory Committee**

***Agenda Item 4(c): Report on the work of the  
Task Force on Business Liaison Groups***

**Purpose**

This paper reports the work of the Task Force on Business Liaison Groups (BLGTF) since the last Business Facilitation Advisory Committee meeting on 15 October 2024.

**Work progress of the BLGTF**

***Overall progress of Business Liaison Groups***

2. Since the last meeting, we have conducted one BLG meeting and proactively liaised with the trade of five BLGs. At the said BLG meeting, representatives of the Home Affairs Department and the Hong Kong Police Force briefed the trade on the provision of online services for Certificate of Compliance and Massage Establishments Licence respectively. The Digital Policy Office also briefed the trade on the simplified registration process for “iAM Smart+” and the “iAM Smart” Sandbox Programme which will assist organisations in developing “iAM Smart”-enabled services.

3. We have also used various channels for the trade to share their views on licensing and regulatory regime. Summaries of the views collected and the Government responses are uploaded onto the website of the Digital Policy Office on a regular basis.

4. During this period, a total of four issues were satisfactorily resolved or clarified. A salient example has been presented in the 38<sup>th</sup> BLGTF meeting held on 17 December 2024.

***Abolition of Offsetting Arrangement under the Mandatory Provident Fund System***

5. On 17 December 2024, the Labour Department (LD) briefed the BLGTF on the major features of the abolition of using the accrued benefits of employers’ mandatory contributions under the Mandatory Provident Fund (MPF) System to offset severance payment (SP) and long service payment (LSP)

payable to employees under the Employment Ordinance (the offsetting arrangement) to be effective on 1 May 2025 (the transition date). LD reminded employers that dismissing employees before the transition date will not save SP/LSP expenses and that they must keep the wage records covering an employee's employment period during the 12 months immediately preceding the transition date.

6. In the above meeting, the LD also briefed the BLGTF the 25-year Subsidy Scheme for Abolition of MPF Offsetting Arrangement (SSA) totalling over \$33.6 billion to be rolled out on the transition date, which would share employers' SP/LSP expenses after the abolition so as to help employers adapt to the policy change. One of the major features of the SSA is the setting up of a "\$500,000 threshold" for the total amount of post-transition portion of SP/LSP payable by an employer in a year, and cases below the threshold will receive a higher subsidy. Given that the majority of micro, small and medium-sized enterprises should not incur more than \$500,000 SP/LSP liabilities a year, they will generally benefit from a higher subsidy for each SP/LSP case within the \$500,000 threshold. The front-loaded approach with the subsidy level progressively reduced over the 25-year subsidy period will help employers gradually adapt to the policy change.

7. The BLGTF thanked LD for briefing Members on the above initiatives and suggested LD to simplify the content of the promotional materials of the abolition of the offsetting arrangement to facilitate publicity and education to even more micro, small and medium-sized enterprises. LD undertook to consider such suggestion.

### **Way forward**

8. Members are invited to note the work progress of the BLGTF. BLGTF will continue to oversee and monitor the work progress of the BLGs.

**Digitalisation and Business Facilitation Division**  
**Digital Policy Office**  
**Innovation, Technology and Industry Bureau**  
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