

Embargo:

Release Date: April 8, 2020

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4TH EMERGENCY ECONOMIC COUNCIL MEETING

GOVERNMENT TO FRONTLOAD PUBLIC SECTOR INVESTMENT

The government decided to promote frontloaded investment to help cash-strapped businesses at the 4th Emergency Economic Council Meeting held on April 8. The following is a summary of Deputy Prime Minister Hong's announcement after the presidential meeting.

The government itself will frontload its investments worth more than 3.3 trillion won in the first half, as well as provide an over 14.4 trillion won worth of support to encourage early investment and prepayment in the private sector.

Public sector investment and purchases

1) Make early purchases and prepayment worth around 2.1 trillion won for cash-strapped businesses

- About 400 billion won for restaurants, airlines and event agencies
- About 510 billion won for service contractors
- About 800 billion won worth of smart devices for online classes, disease control and hygiene products, and pharmaceutical products
- About 640,000 barrels of oil products and around 1,600 cars

2) Frontload construction investments worth 1.2 trillion won

- Early investment in government's construction projects in the second quarter, and public institutions' investment in construction and facilities in the second quarter, 600 billion won each
- Prepayment for construction orders and material purchases
- Prepaid rewards for private investment in public projects

3) Temporarily relax government procurement rules

- Double the number of private contracts
- Expand the items that can be purchased directly without an auction
- Shorten auction procedures and make early payments for subcontracted works
- Raise down payment for construction works, and cut entry fees for construction bidding
- Contractors not held responsible for delivery failures due to the COVID-19 outbreak

Support to boost private sector spending: 12.4 trillion won worth of tax support and 2 trillion won worth of debt purchases

- Expand income tax deduction for prepayment: Give an 80 percent tax deduction for dining out and accommodations costs, and spending on leisure activities
- Give a corporate tax deduction for the purchases of goods in the first half, which will be used in the second half: A deduction of one percent to the prepayment
- Give a tax loss carry forward, and offer early tax returns in August this year
- Give a three month income tax deferral for small businesses
- Delinquent debt purchases worth 2 trillion won for small businesses