

Business Assistance, Subsidies and Tax Relief - Covid 19

All non-essential businesses have been ordered to close.

Our office will close today 25 March 2020 and we will continue to operate remotely on a very limited / skeleton basis, during the lockdown period, to assist you as you may require during this period.

Please contact either wayne@taxsolutions.co.nz or dianne@taxsolutions.co.nz. Emails will be monitored regularly.

We hope that you all stay safe over this trying period. Self-isolate as per Central Government Orders, to try to: “break the chain” and reduce the impact of escalating community virus transmission.

Detailed below is some information regarding payment/claim for Wages Subsidies or Leave Payments for employers, contractors, sole traders or self-employed and their employees. We suggest that the Wage Subsidy be applied for as soon as possible if you have not already done so.

<https://www.workandincome.govt.nz/products/a-z-benefits/covid-19-support.html#null>

Employer Application:

https://services.workandincome.govt.nz/ess/employer_applications/new

Self-employed application:

https://services.workandincome.govt.nz/ess/trader_applications/new

COVID-19 Wage Subsidy (NB this is extensive and has Wide application) – we suggest you “print out” your application before submitting it, so that you have a copy!

If you are an employer, contractor, sole trader or self-employed you may qualify to get the COVID-19 wage subsidy.

To qualify:

- your business must be registered and operating in New Zealand
- your employees must be legally working in New Zealand
- the business must have experienced a minimum 30% decline in actual or predicted revenue over the period of a month when compared with the same month last year, and that decline is related to COVID-19
- your business must have taken active steps to mitigate the impact of COVID-19
- you must make best efforts to retain employees and pay them a minimum of 80% of their normal income for the subsidised period.

The COVID-19 Wage Subsidy will be paid at a flat rate of:

- \$585.80 for people working 20 hours or more per week
- \$350.00 for people working less than 20 hours per week.

The subsidy is paid as a lump sum and covers 12 weeks per employee

This subsidy is for wages only. It is to help you keep your staff employed while you consider changes that may be needed while the disruption continues, and to ensure the future viability of your business.

COVID-19 Leave Payment (NB – more limited application)

From 17 March 2020 the COVID-19 Leave Payment will be available to support people financially if they need to self-isolate, cannot work because they are sick with COVID-19 or cannot work because they are caring for dependents, who are required to self-isolate or who are sick with COVID-19.

The COVID-19 Leave Payment will be available for eight weeks from 17 March 2020. Employers can apply for this more than once.

It will be paid to employers who have eligible employees and they must pass the payment onto their employees **in full**.

To qualify:

If you are an employer, contractor, sole trade or self-employed you may qualify to get the COVID-19 Leave Payment. COVID-19 Leave Payment covers full-time, part-time and casual employees, and contractors who are legally working in New Zealand and who:

- need to self-isolate in line with Ministry of Health Guidelines and have registered as needing to self-isolate with Healthline, cannot work from home and their self-isolation is not because they left NZ since the travel restrictions on 16 March 2020 and have since returned, or
- cannot work because the person has been diagnosed with COVID-19, or
- cannot work because they are caring for dependents who are required to self-isolate or who are sick with COVID-19.

The COVID-19 leave payment will be paid at a flat rate of:

- \$585.80 to a person working 20 hours or more per week
- \$350.00 to a person working less than 20 hours per week.

Employers receiving the payment for employees who are required to self-isolate can receive it for 14 days. As people may be required to self-isolate more than once, employers will be able to apply for this on an 'as needed' basis.

It can be paid for the entire period an employee is sick (or looking after a dependent person who is sick) with COVID-19 but the employer must apply every 14 days.

Using paid leave entitlements or COVID-19 Leave Payment when self-isolating

You and your employee can agree to use any form of paid leave (eg annual leave) to cover their period of self-isolation.

However, employees aren't required to have used any or all their paid leave entitlements before they can receive this payment.

Eligible employers and employees

When applying for the Leave Payment the employer will consider whether:

- the employee was legally working for their employer at the time they decide to self-isolate, and
- they were expected to work for the period of self-isolation.

Self-employed people who are legally working in New Zealand are eligible for the payment if they:

- are usually earning the minimum wage when they decide to self-isolate, and
- were expecting to work for the period of self-isolation, and
- cannot draw an income for the period of self-isolation.

Some people aren't eligible for the payment, including:

- self-employed people not earning at least the minimum wage
- people not legally working in New Zealand.

Application Process

Your situation is either:

- your staff are in self-isolation (or caring for others), or
- your business's revenue has dropped due to COVID-19.

You can apply online and you will need:

- your IRD number (same as your GST number)
- your business name
- business address
- the names of your employees
- your employee IRD numbers
- contact details for your business and your employees.

If you're a company and require your NZ Business Number (NZBN), you can find it by searching up the company name on: <https://companies-register.companiesoffice.govt.nz/>

Income Tax Relief

Government / IRD business initiatives to help business's over the foreseeable period that were recently announced are also detailed below.

Where Cashflow is a concern, an IRD tax instalment application arrangement can be applied for. We suggest that this be applied for before the due date of the tax payment(s), with a portion of the tax being paid by the due date and the balance paid over 6 months.

We can assist you with this application or you can apply through your MyIR account. This should be done before the due dates to minimise penalties.

COVID-19 novel coronavirus - Business Continuity Package

17 March 2020

At 2pm today, the New Zealand Government announced a Business Continuity Package to assist businesses struggling due to the impact of the COVID-19 outbreak.

There are five proposals related to tax.

- Giving Inland Revenue the discretion to remit use-of-money interest (UOMI) for customers significantly adversely affected by COVID-19.
- Increasing the provisional tax threshold from \$2,500 to \$5,000 from 2020/2021.
- Increasing the small asset depreciation threshold from \$500 to \$1,000 – and to \$5,000 for the 2020/21 tax year.
- Allowing depreciation on commercial and industrial buildings from 2020/2021.
- Removing the hours test from the In-Work Tax Credit (IWTC) from 1 July 2020.

Proposal to write-off use-of-money interest

<https://www.ird.govt.nz/covid-19-novel-coronavirus/tax-relief/uomi>

Types of Working for Families payments <https://www.ird.govt.nz/topics/working-for-families/types-of-working-for-families>

More information on these proposals are available on the Treasury New Zealand website.

Treasury New Zealand <https://treasury.govt.nz/>

Tax relief - COVID-19 (novel coronavirus) <https://www.ird.govt.nz/covid-19-novel-coronavirus/tax-relief>

Stay well and take care.