

Covid-19

27 March 2020

Firstly to everybody working in any of the essential services businesses, we thank you.

Latest Announcement from IRD - Future Tax Payments

“If your business is unable to pay its taxes on time due to the impact of COVID-19, we understand, you don’t need to contact us right now.

Get in touch with us when you can, and we’ll write-off any penalties and interest.

It would help if you continue to file however, as the information is used to make correct payments to people, and to help the Government continue to respond to what is happening in the economy.”

Ensure that you continue to file returns such as PAYE/payday filing, GST etc on time even if you are not in a position to make the payment.

Contact us if you need any help with this

<https://media.ird.govt.nz/articles/inland-revenue-updated-advice-to-businesses/>

Wage Subsidy cap removed

The Government has removed the cap on wage subsidies that can be paid to employers affected by COVID-19. The cap of \$150,000 per business is has been removed.

This applies to all New Zealand employers, contractors, sole traders, self-employed people, registered charities and incorporated societies. You are now able to apply for a wage subsidy for all your staff.

If you have already applied for and been granted the wage subsidy for your employees and MSD has capped the amount paid, you don’t need to do anything because we will top up the difference.

If you have applied for the wage subsidy for your staff, and claimed only enough to meet the cap, once you have used this subsidy, you can reapply.

If you are yet to apply,

Self Employed with no employees - https://services.workandincome.govt.nz/ess/trader_applications/new

All Employers - https://services.workandincome.govt.nz/ess/employer_applications/new

Include yourself as an “Employee”

We encourage you to complete the application (you need to sign the declaration) and seek guidance from us if you require.

Applying for the Subsidies – NZBN

Employers all need an NZBN to apply for the subsidy for their employees.

NZBN is a globally unique 13 digit number

All Companies already have one,

- go to <https://companies-register.companiesoffice.govt.nz/> and search for your company

If you are a sole trader or partnership and don't have one you will need to apply.

If you have a realme login, eg used for passport applications you can apply for it yourself.

<https://www.nzbn.govt.nz/mynzbn/login>

For assistance - Email Rodney on rodney@jcrb.co.nz your name and phone number and he will apply for you. He will need a copy of your driver's licences to apply for you.

Tax Treatment

The tax treatment of the wage subsidy:

- It is not subject to GST.
- The wage subsidy paid to the employer is not taxable. It is excluded income under the Income Tax Act.
- It is not deductible when paid by the employer as part of wages to employees.
- It is taxable for the employee. It is included as part of their normal wages and subject to PAYE, Student Loan, Kiwisaver deductions etc.

The tax treatment of the leave payment scheme:

- The leave payment is not subject to GST.
- The leave payment for self isolation paid to employees or self-employed persons is subject to tax as it is paid to replace taxable income.

Other Assistance

Kiwisaver

Employees may want to apply for a Kiwisaver Holiday, they will need to go to [My KiwiSaver](#) and apply online .

Mortgage holiday and business finance support schemes to cushion COVID impacts

The Government, retail banks and the Reserve Bank are working out the final details of major financial support package for home owners and businesses affected by the economic impacts of COVID-19.

<https://www.beehive.govt.nz/release/mortgage-holiday-and-business-finance-support-schemes-cushion-covid-impacts>

Barraclough & Associates Ltd

Phone (07) 847 5646

E-mail reception@jcrb.co.nz