

Covid-19

19 March 2020

As the situation regarding Covid-19 continues to evolve, we would like to keep you up to date and informed on matters we can help you with.

We have summarised the Government Fiscal response to COVID-19 announced 17 March 2020, which covered 4 main areas, which we have outlined below.

1. **Twelve-week wage subsidy scheme**
2. **Eight-week scheme for workers, contractors and self-employed taking COVID-19 leave**
3. **Tax relief measures**
4. **Income support measures for beneficiaries and superannuitants**

To apply for either the Wage Subsidy or Covid leave payments outlined below you will need your;

- IRD (GST) Number
- NZ Business Number (NZBN)
- Bank Account Number
- and

Employee Details

First name

Last name

Date of Birth

IRD Number

Employee Hours

More or less than 20 Hours

All Companies already have an NZBN, but if you trade as a Sole Trader or Partnership, you may need to apply for your NZBN. **Go to <https://www.nzbn.govt.nz/get-an-nzbn/get-your-nzbn/>**

Before applying for either, please read the full terms and conditions, attached separately, as there are number of criteria and exemptions or *go to www.workandincome.govt.nz*

Applications for the financial assistance packages can be made through the Work and Income website. The Ministry of Social Development (MSD) will aim to make first payments no later than five working days from when applications are received. www.workandincome.govt.nz

NZ Government Fiscal response to COVID-19 announced 17 March 2020

1. Twelve-week wage subsidy scheme

The eligibility criteria for the subsidy:

- o your business is registered and operating in New Zealand; and
- o the employees named in your application are legally employed in New Zealand; and
- o your business has experienced a minimum 30% decline in actual or predicted revenue:
 - over the period of any month from January 2020 through to the end of this scheme when compared to the same month last year, or a reasonably equivalent month for any business operating less than a year; and
 - that loss is attributable to the COVID-19 outbreak; and
- o your business has taken active steps to mitigate the impact of COVID-19 on their business activities (such as engaged with your bank, Chamber of Commerce, industry association or the Regional Business Partner programme); and
- o you agree you will, using best endeavours, retain the employees named in your application in employment on at least 80 percent of their regular income for the period of the subsidy.

In applying, you are signing a declaration that you qualify, so please read the terms attached carefully.

The subsidy is:

- NZ\$585.80 per week for full-time workers (more than 20 hours per week), a total of \$7,029.60 and
- NZ\$350 per week for part-time workers (20 hours a week or less), total \$4,200.

The payment is made as a lump sum for a period covering 12 weeks. The maximum amount any one employer can receive is NZ\$150,000. We are still seeking clarification of the Income Tax, GST and PAYE treatment of these payments.

2. Eight-week scheme for workers, contractors and self-employed taking COVID-19 leave

The COVID-19 leave payment scheme runs for the next **eight weeks**, providing financial support to businesses that have workers unable to work because they are in self-isolation, are sick with COVID-19, or caring for others with COVID-19. The scheme applies to employees, contractors and the self-employed.

Eligibility will only be for workers who are not able to work from home.

The payments are:

- NZ\$585.80 per week for full-time workers (more than 20 hours per week), and
- NZ\$350 per week for part-time workers (20 hours a week or less).

Employers apply for the leave on behalf of any employee who is self-isolating or sick. Payments can be backdated to 17 March 2020. MSD pays employers, who will then be required to pass it on to affected employees. MSD will pay on a fortnightly basis once it receives an application.

Other key parameters of the scheme are:

- Eligibility is open to all employees legally working in New Zealand (through their employers), the self-employed and contractors.
- The payment does not affect any paid leave entitlements that are owed and is available even if an employee is on paid leave for part of the period.
- The entitlement is for:
 - those who self-isolate in accordance with public health guidance and who register with Healthline (0800 611 116) or online <https://healthy.org.nz/register>
 - those who are ill with COVID-19, and
 - those who cannot work because they are caring for a dependent in either of these circumstances.
- Those who leave New Zealand to travel overseas from 16 March 2020 will not be eligible for this payment for self-isolation on their return.
- Workers taking sick leave before 17 March 2020 can only access the scheme for time spent on sick leave from 17 March 2020. It will not be accessible for those who have travelled overseas since 16 March 2020.

3. Tax relief measures

- Giving Inland Revenue the discretion to remit use-of-money interest (UOMI) for customers significantly adversely affected by COVID-19. Details on the objective tests to be applied will be released by Inland Revenue in due course.
- Increasing the provisional tax threshold from \$2,500 to \$5,000 from 2020/2021.
- Increasing the small asset depreciation threshold
 - from \$500 to \$5,000 for the 2020/21 tax year.
 - from \$500 to \$1,000 for the 2021/21 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.

4. Income support measures for beneficiaries and superannuitants

Two permanent changes have been made to welfare payments:

- Main benefits will rise by NZ\$25 per week. These changes will come into effect on 1 April 2020 and are permanent.
- Removing the hours test from the In-Work Tax Credit (IWTC) from 1 July 2020.

In addition, the Winter Energy Payment paid to superannuitants and beneficiaries will double in 2020. This temporary measure begins on 1 May 2020 and will be NZ\$40.91 per week (single people) and NZ\$63.64 per week (couples or people with dependents).

How can we help you.

Where required, we will prioritise the preparation of 2020 financial accounts and tax returns that are required for bank funding applications. We are also liaising with the major banks to see what additional information they may require to assist with additional funding requests.

Please contact us if you require any assistance regarding the application process.

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