

# UPDATE: COVID-19

Business Relief Package Extended



**Maggie Jaques**

Tax Director



## COVID-19 Relief Measures

Wage Subsidy

Tax Changes - **EXTENDED**

Small Business Cashflow Loan  
Scheme - **NEW**

Mortgage Support

Business Banking Guarantee

Income Support

# Small Business Cashflow Loan Scheme

<b>Maximum Loan Available</b>	<b>Firm Size</b>	<b>Base Loan</b>	<b>FTE Equivalent Amount</b>	<b>Total Loan</b>
	Sole Trader	\$10,000	\$1,800	\$11,800
	3 FTE	\$10,000	\$5,400	\$15,400
	10 FTE	\$10,000	\$18,000	\$28,000
	20 FTE	\$10,000	\$36,000	\$46,000
	50 FTE	\$10,000	\$90,000	\$100,000
<b>Terms</b>	<ul style="list-style-type: none"> <li>• Interest free if repaid in 1 year</li> <li>• No repayments required for 2 years, maximum term 5 years</li> <li>• Interest rate 3% if not repaid within 1 year</li> <li>• Repayments required after 2 years</li> </ul>			
<b>Application Window</b>	1 month from 12 May 2020 (may be extended)			
<b>Eligible Entities</b>	Companies, Sole Traders, Partnerships, Contractors			
<b>Entity Requirements</b>	<ul style="list-style-type: none"> <li>• Must meet the existing Wage Subsidy eligibility criteria</li> <li>• The business must declare it is a viable business and that it will use the loan for core business expenditure</li> </ul>			
<b>How to Apply</b>	Online at <a href="http://www.ird.govt.nz">www.ird.govt.nz</a> from 12 May 2020			
<b>Other Information</b>	<ul style="list-style-type: none"> <li>• Loan cannot be passed to owners as a loan or dividend</li> <li>• Loan contract is between IRD and the relevant business</li> </ul>			

# Extended Tax Changes

<b>Temporary tax loss carry back scheme</b>	<ul style="list-style-type: none"><li>• One year loss back from 2020 or 2021 years – refund of tax paid or reduction in provisional tax payment.</li><li>• Loss can be based on actual 2020 return or an estimate of expected loss for 2020 or 2021</li><li>• If wholly owned group must group offset before carrying loss back.</li><li>• Risk of use of money interest charges if estimates incorrect</li><li>• Subject to shareholder continuity and minimum ICA balance</li></ul>
<b>Permanent tax loss carry back scheme 2022 onwards</b>	<ul style="list-style-type: none"><li>• Will apply for 2022 income years and beyond</li><li>• Legislation expected by March 2021</li><li>• Loss carry backs will be permitted only where loss returns filed – cannot be based on estimates.</li><li>• Rules likely to be more stringent than 1 year scheme</li></ul>
<b>Relaxation of tax loss shareholder continuity rules</b>	<ul style="list-style-type: none"><li>• Replacing 49% continuity rule with a “same or similar” business test.</li><li>• Legislation expected March 2021 – but changes will be retrospective to start of 2021 year.</li></ul>
<b>Flexibility to allow IRD to modify statutory deadlines</b>	<ul style="list-style-type: none"><li>• Temporary 18 month discretion to allow IRD to modify deadlines, and only in respect of taxpayer friendly changes</li></ul>
<b>Additional funding for business consultancy support</b>	<ul style="list-style-type: none"><li>• Further \$25M to access business continuity, HR, accounting and other business support.</li><li>• Nexia NZ is registered with Regional Partner Network as a provider.</li></ul>

# Extended Tax Changes

- Broader refundability rules for R&D tax credits will apply one year earlier than proposed (2020 year)
- IRD public statement on tax issues related to individuals/businesses who are stranded in NZ due to COVID-19.
- Income equalisation assistance for farmers, fishers and growers
- Simplified tax treatment of reimbursing allowances paid to employees while they are working from home

# Contact us

[www.Nexia.co.nz](http://www.Nexia.co.nz)

+64 3 379 0829