



# COVID-19

Business Relief Package



**Maggie Jaques**

Tax Director





# COVID-19 Relief Measures

**Wage Subsidy**

**Leave Payments**

**Tax Changes**

**Mortgage Support**

**Business Banking Guarantee**

**Income Support**

# Wage Subsidies

Lump Sum	<b>\$7,026 per full time employee</b> <b>\$4,200 per part time employee</b>
Application Window	12 weeks from 17 March 2020
Eligible Entities	Employers, Sole Traders, Partnerships, Contractors
Entity Requirements	<ul style="list-style-type: none"><li>• Registered and operating in New Zealand</li><li>• Employees legally working in New Zealand</li><li>• An actual or expected loss of revenue (30% minimum) by the business</li><li>• Must have taken steps to mitigate impact</li><li>• Make best endeavours to retain staff and pay at least 80% of their normal income</li></ul>
How to Apply	Online at WINZ If you are an employer, you must provide privacy form to employees <a href="https://www.workandincome.govt.nz/documents/eligibility/emergencies/covid-19/employee-privacy-statement.pdf">https://www.workandincome.govt.nz/documents/eligibility/emergencies/covid-19/employee-privacy-statement.pdf</a>
What You Will Need	<ul style="list-style-type: none"><li>• Employers need their IRD number, NZBN, business name, address and contact details, employees' names, IRD numbers and contact details</li><li>• Self employed and other non employers need their IRD number, business name and address.</li></ul>

# Leave Payments

Fortnightly Payments	<b>\$585.80 per week per full time employee</b> <b>\$350 per week per part time employee</b> <i>(must apply every 14 days)</i>
Application Window	8 weeks from 17 March 2020
Eligible Entities	Employers, Sole Traders, Partnerships, Contractors
Eligible Persons	<ul style="list-style-type: none"><li>• Available to full time, part-time and casual employees legally working in New Zealand</li><li>• Self employed people must have been earning minimum wage, were expecting to work and cannot draw an income for affected period</li></ul>
When Payments Made	When employees/sole traders cannot work because: <ul style="list-style-type: none"><li>• Need to self isolate under MoH guidelines, registered with healthline and cannot work from home</li><li>• They are sick with COVID-19</li><li>• They are caring for dependents who meet the criteria above</li></ul>
How to Apply	Online at WINZ If you are an employer, you must provide privacy form to employees <a href="https://www.workandincome.govt.nz/documents/eligibility/emergencies/covid-19/employee-privacy-statement.pdf">https://www.workandincome.govt.nz/documents/eligibility/emergencies/covid-19/employee-privacy-statement.pdf</a>
What You Will Need	<ul style="list-style-type: none"><li>• Employers need their IRD number, NZBN, business name, address and contact details, employees' names, IRD numbers and contact details</li><li>• Self employed and other non employers need their IRD number, business name and address.</li></ul>

# Tax Changes

<b>Building Depreciation</b>	<ul style="list-style-type: none"><li>• Tax depreciation reinstated on commercial and industrial buildings</li><li>• Applies from 1 April 2020 (or start of entity's 2021 tax year)</li><li>• 2% Diminishing value deduction</li><li>• Factor into provisional tax payments – Aug 2020, Jan 2021, May 2021</li></ul>
<b>Immediate deductions for low value assets</b>	\$5,000 threshold for 2021 income year \$1,000 permanent threshold 2022 income year and beyond
<b>Increase in provisional tax threshold</b>	Increase in threshold from \$2,500 to \$5,000 from 2021
<b>Use of money interest write offs</b>	IRD have a 2 year discretion to waive use of money interest payments where businesses impacted by COVID-19.
<b>Hours test for in work tax credit scrapped</b>	With effect from 1 July 2020
<b>Instalment arrangements and other relief</b>	Additional leniency for businesses impacted by COVID-19

# Financial Support Package

## Major Package announced:

- 6 month mortgage holiday for home owners
- \$6.25 billion Business Finance Guarantee Scheme for SME's

## Announced Relief – Details Coming

<b>Mortgage Support</b>	<ul style="list-style-type: none"><li>• 6 month principal and interest payment holiday for mortgage holders</li><li>• Incomes impacted by COVID-19 disruptions</li></ul>
<b>Businesses Finance Guarantee Scheme</b>	<ul style="list-style-type: none"><li>• Provision of short term credit to solvent SME's impacted by COVID-19</li><li>• Limit of \$500,000 per loan</li><li>• Available to SME's with turnover between \$250,000 and \$80 million/annum</li><li>• 3 year loan terms</li><li>• Interest rates will be competitive and transparent</li><li>• Government to carry 80% credit risk, 20% carried by banks</li><li>• RBNZ to reduce banks core funding ratios from 75% to 50%</li></ul>

# Income Support

## **Awaiting Announcements**

**New income support measures for all workers  
above and beyond the wage subsidy scheme**

**Details coming soon**