

Friday, 20 March 2020



COVID-19 – Business Support Package announced by the Government

There is currently a lot of information available concerning the Government announcement and a lot of uncertainty as to how our economy will be affected over the next few months and beyond.

We have summarised the main features of the package below, please contact us if you need any assistance or more information.

Twelve-week wage subsidy scheme and Eight-week scheme for those taking COVID-19 leave

An information sheet is attached which outlines each of these payments and has details on how to make an application.

Both schemes apply to employers, contractors, sole traders and self-employed people – check to see if you qualify

Wage Subsidy – to support businesses affected by COVID-19

- The subsidy is paid to employers to assist with wages payments to employees
- Inland Revenue have advised us that the subsidy paid will be exempt from GST and will not be taxable income
- The subsidy is paid as a lump sum and covers 12 weeks per employee

Leave Payment – this relates to self-isolation

- If you are an employee, your employer will apply for the leave payment – but they must ask for your permission first
- The leave payment will be exempt from GST and is subject to tax
- The employer will receive the money and process it through their payroll system as wages. Normal deductions such as PAYE, Student Loan and Kiwi Saver will apply
- The payment is not available to those able to work from home
- The recipient must register with Healthline as being in self-isolation

- No claim if travel overseas commenced after 16 March 2020
- No claim for sick leave before 17 March 2020

Additional Support announced

- Welfare Payments - main benefits will rise by \$25 per week from 1 April 2020
- The hours test for the In-Work Tax Credit will no longer apply from 1 July 2020
- The Winter Energy Payment paid to superannuitants and beneficiaries will double from 1 May 2020

Tax Relief announced

- Depreciation deductions at 2% diminishing value will be re-introduced for commercial and industrial buildings for the 2020/21 income year
- The low value asset write off threshold will increase from \$500 to \$5,000 for the 2020/21 year and then drop back to \$1,000 for future years
- The provisional tax threshold will increase from \$2,500 to \$5,000 for the 2020/21 income year
- Use of money interest may be written off for eligible taxpayers who have been affected by COVID-19. This applies to all tax payments due after 14 February 2020. This measure will last for 2 years, but we do not have any details yet on how this will be applied.

There is no doubt that many businesses, their owners and employees will be affected by current events.

This business support package will be of some assistance, but we acknowledge that there are tough times ahead.

We are here to help you and assist you in any way that we can, please keep in touch.