



As another financial year closes, another one dawns with the uncertainty of the effects of the COVID-19 virus on the NZ economy.

We hope the effects will be short lived.

Below is a summary of support the NZ government will offer businesses plus amendments to help for the future.

The NZ government COVID-19 support package includes:

- \$5.1 billion in wage subsidies for affected businesses in all sectors, available immediately
- \$126 million in COVID-19 sick leave and self-isolation support
- \$2.8 billion in business tax changes

COVID-19 Wage subsidies

If you employ staff and your turnover is impacted by the COVID-19, a wage subsidy may be available to support your business when you face paying off staff or reducing their hours.

If you are an employer, contractors, sole traders or self-employed, you may qualify.

This subsidy is for wages only. It is to help you keep your staff employed while the disruption continues.

To qualify:

- Your business needs to operate in New Zealand and be registered.
- Your employees must be legally working in New Zealand
- Businesses will be eligible to apply for wage subsidies if they can show a minimum 30 percent decline in revenue for any month between January and June 2020 compared to the year before - including projected revenue.
- Your business must have ten active steps to mitigate the impact of COVID-19
- You must make best efforts to retain employees and pay them a minimum of 80% of their normal income for the subsidised period.
- The subsidy is paid as a lump sum and covers 12 weeks per employee.
- The maximum subsidy is \$150,000.
- This subsidy can only be applied for once.

The wage subsidy available at a flat rate of:

- \$585.50 for people working 20 hours or more per week
- \$350.00 for people working less than 20 hours per week

What happens if you are the sole operator of a business?

- You still qualify for the subsidy.
- You will need to select the subsidy level that applied to you

COVID-19 Sick Leave and Self Isolation

If you or your staff are unable to work because they are sick or in isolation or caring for someone who is sick, then you are eligible for COVID-19 Leave Payment.

This is available for 8 weeks. The payment will be paid to the employer who then pays to your employees in full.

This applies to employers, contractors, sole traders or self-employed.

To qualify:

- Your employees must be legally working in New Zealand
- The self-isolation needs to be in-line with Ministry of Health Guidelines and have registered as needing to self-isolate with Healthline, cannot work from home and their isolation is not because they left NZ since the travel restrictions on 16th March 2020 and have since returned, or
- Cannot work because the person has been diagnosed with COVID-19, or
- Cannot work because they are caring for dependents who are required to self-isolate or who are sick with COVID-19

The Leave Subsidy is available at a flat rate of:

- \$585.50 for people working 20 hours or more per week
- \$350.00 for people working less than 20 hours per week

This will be received for 14 days.

As people may be required to self-isolate more than once, employers will be able to apply for this on an 'as needed' basis and will need to reapply each 14 days, if applicable.

If you are self-employed and legally working in New Zealand are eligible for the leave payment if:

- Are usually earning the minimum wage when you decide to self-isolate, and
- Were expecting to work for the period of self-isolation, and
- Cannot draw an income for the period of self-isolation

Some people aren't eligible for the leave payment including:

- Self-employed people not earning at least the minimum wage
- People not legally working in New Zealand

Some state sector employers cannot receive the payment.

Using Paid Leave entitlements:

You and your employee can agree to use any form of paid leave (eg annual leave) to cover their period of self-isolation. However, employees aren't required to have used any or all paid leave entitlements before they can receive the COVID-19 leave payment.

Business Tax Changes

There is the ability to estimate your provisional tax to a lower level. This will ensure any overpaid tax can be released quicker for you.

IRD will also offer more tax payment arrangements for all business owners

The extension for filing income tax returns will be extended.

These extensions do not apply to GST returns or Paye/payroll returns.

There are new changes to apply from 1st April 2020:

- IRD are reintroducing a 2% rate of depreciation on industrial and commercial buildings
- At the moment, assets over \$500 are considered fixed assets. This \$500 threshold will increase to \$5,000 for one year before being decreased to \$1,000 from 1st April 2021. This will reduce tax in the short term and encourage businesses to purchase assets for the long term.
- The \$2,500 provisional tax threshold will increase to \$5,000 with the aim to reduce cash flow pressures on businesses.

Applying for Wage Subsidy or Leave Subsidy

Please apply online at: www.workandincome.govt.nz/covid19support

Please ensure you have available to you:

- Your IRD number
- Your business name
- Business addresses
- The names of your employees
- Your employees IRD numbers
- Contact details for your employees and business

Payments should be applied and paid within five working days after they have received the information from you.

The payments may be subjects to review and audits in the future.

Further support for businesses can be obtained from the following sources:

- Ministry of Social development: www.workandincome.govt.nz/employers/
- Ministry of Business, Innovation and employment: www.employment.govt.nz/leave-and-holidays/other-types-of-leave/coronavirus-workplace/
- Ministry of Health: www.health.govt.nz/our-work/diseases-and-conditions/covid-19-novel-coronavirus

Please welcome Teresa to our team as our new administrator.

Please also welcome Amanda back to the team as our new accountant.

Our green questionnaires will be posted to you over the next 2 weeks. If you would prefer to be sent a link to the new online questionnaires please email Teresa on:

office@bjking.co.nz

Thank you

We want to know more about you and your personal goals to see if there are any changes to your business, we can help you with.

Please let us know if you intend to sell property so we can make you aware of any tax rules that may affect you.

Please tell us if you have any overseas bank accounts or interests.

Rules changes from 1st April 2020 to be aware of:

- Please let us know if you are a beneficiary of a foreign trust. The trust may be fully taxable in New Zealand.
- all Chinese pensions will be taxable in NZ due to DTA China changes.
- If you are US green card holders or US citizens, then your income will be taxed first in NZ and second in US. All NZ tax credit will be available to be included in your US tax return.

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