



ACCELERATE

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COVID-19 SPECIAL ALERT

COVID-19 has forced the big questions. How do we slow transmission, protect the vulnerable and how do we recover? Stories that have inspired range from Italians singing from lockdown to lift morale to business innovations to safeguard customers. Proactive businesses are sending out reassurance on client and staff health and business continuity. Talk to us early about the impact this is having on your business and what we can pull together to help.

The Government's response to COVID-19 aims to support recovery - individual, community and economic - and cushion the economic impact.

The \$12b assistance package, "the most significant peace-time economic plan in modern New Zealand history", includes:

- business cashflow and tax relief measures
- wage subsidies
- cash top-ups for workers, contractors and the self-employed
- income support for beneficiaries and superannuitants



Business Cashflow

Image credit: REUTERS/Alberto Lingria

Tax relief measures include:

Depreciation: Depreciation deductions for commercial and industrial buildings will be re-introduced from the 2020/21 income year. Available to all sectors, these apply to new and existing buildings on a permanent basis. Building owners can adjust provisional tax payments immediately in anticipation of the additional deductions.

Write-offs: As a two-stage incentive to encourage spending, tax write offs will be available for more low-value assets. Initially, for the 2020/21 income year, assets costing up to \$5,000 will be eligible for immediate write-off. As a permanent measure, from the 2021/22 income year, the existing \$500 threshold will increase to \$1,000.

Provisional tax: Currently, taxpayers with residual income tax of \$2,500 or more pay provisional tax. From the 2020/21 tax year, this threshold will increase to \$5,000, so fewer businesses will need to pay provisional tax.

Interest: Businesses and individuals who are struggling because of COVID-19 and can demonstrate they're unable to pay tax by the due date may be eligible for a use-of-money interest (UOMI) write off. This applies to all tax payments including provisional tax, PAYE and GST due on or after 14 February 2020, for two years, unless the Government extends it. Inland Revenue will release details on how they will test this.

Wage subsidies

From 17 March for the next 12 weeks, wage subsidies are available for employers affected by COVID-19 and struggling to retain employees. Employers may apply who suffer (or project they will suffer) a 30% or more decline in revenue for any month between January 2020 and June 2020 (compared to last year). Applications may also be based on forecast revenue loss within the period.

The subsidy is:

- \$585.80/week for a full time employee (20 hours or more);
- \$350.00/week for a part time employee (less than 20 hours).

The lump sum payment covers 12 weeks. The maximum an employer can receive is \$150,000.

Under the scheme, employers:

- undertake to continue to employ affected employees at a minimum of 80% of their income (eg 4 out of 5 days of the week) during the subsidy period
- must have been active to lessen the impact of COVID-19 (eg engaged with their bank or financial advisor) and sign a declaration form to that effect

You can apply for the subsidy through the [Work and Income website](#). MSD aims to pay no later than five working days from when applications are received.

Leave payments

A leave payment scheme runs for the next **8 weeks**, providing support to businesses with employees, contractors and the self-employed staff unable to work because they are in isolation, or sick, or caring for others with COVID-19. The payment amounts are the same as those for the wage subsidies and can be backdated to 17 March 2020.

This does not affect any paid leave entitlements owed and is available even if an employee is on paid leave for part of the period. It is not available to those who can work from home, and whose employers can pay normally.

Employers can apply for the leave on behalf of any self-isolating or sick employee. The Ministry of Social Development (MSD) pays employers, who are required to pass it on to affected employees. MSD will pay on a fortnightly basis once it receives an application.

Employees, self-employed, and contractors legally working in New Zealand are eligible. Those who self-isolate must do so in accordance with public health guidance and register with Healthline. Those who went overseas from 16 March 2020 are not eligible for this payment for self-isolation on their return. Workers ill with the virus can only access the scheme for time spent on sick leave from 17 March 2020.



Support for beneficiaries and superannuitants

Main benefits will rise by \$25 per week from 1 April 2020. From 1 July 2020, working families with children who don't receive a main benefit and have some employment income each week won't have to satisfy the hours test to receive the In Work Tax Credit (previously a minimum of 20 hours a week for sole parents and 30 hours a week for couples with children). These are introduced as permanent changes.

As a temporary measure, the Winter Energy Payment to superannuitants and beneficiaries will double in 2020, beginning on 1 May 2020. This means \$40.91/week for single people and \$63.64/week for couples or people with dependents.

***Disclaimer:** This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.*

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