

Covid-19 – Financial Assistance Package 17 March 2020

Wage Subsidy

Available to companies, sole-traders and self-employed who have suffered or are projected to suffer at least a 30% decline in revenue compared to last year for any month between January 2020 and the end of the scheme in June 2020. Applications can also be made based on forecast revenue loss within the period of the scheme.

Employers will need to declare that

- on their best endeavours, they will continue to employ the affected employees at a minimum of 80% of their income for the duration of the subsidy period. This is the equivalent of keeping people working 4 out of 5 days of the week.
- they have taken active steps to mitigate the impact of COVID-19 (e.g. engaged with their bank/financial advisor) and sign a declaration form to that effect.

Amount of Support

- \$585.80 per week for a full-time employee (20 hours or more) or
- \$350.00 per week for a part time employee (less than 20 hours).
- The payment will be made as a lump sum for a period covering 12 weeks. This means employers will receive a payment of \$7,029.60 for a full-time employee and \$4,200 for a part time employee.
- The maximum amount any one employer can receive is \$150,000.

Applications

From 17 March – go to www.workandincome.govt.nz. (Online portal on Work and Income website). Applications can be made from 17 March for the next 12 weeks

MSD will aim to make first payments no later than five working days from when applications are received.

Related websites www.govt.nz/coronavirus and www.business.govt.nz

Leave and Self-Isolation Support

To support workers financially to self-isolate or while ill with Covid-19 or caring for others with Covid-19. Payments will be as above for wage subsidy.

The payment does not affect any paid leave entitlements that are 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 during the period of self-isolation, and who can be paid normally by their employer.

Employers will apply for the leave on behalf of any employee who is self-isolating or sick. Payments can be backdated to 17 March 2020.

The payment is made by MSD to employers, who will then be required to pass it on to the affected employee. MSD will pay on a fortnightly basis once it receives an application.

Key parameters are:

- Open to all employees legally working in New Zealand (through their employers), the self-employed, and contractors.
- Eligibility will only be for workers who are not able to work from home.
- The entitlement is for:
 - Those who self-isolate in accordance with public health guidance and who register with Healthline.
 - Those who are ill with COVID-19.
 - Those who cannot work because they are caring for a dependent in either of these circumstances.
- Those who leave New Zealand to travel overseas from 16 March 2020 will not be eligible for this payment for self-isolation on their return.

Workers taking sick leave before 17 March 2020 can only access the scheme for time spent on sick leave from 17 March 2020. It will not be accessible for those who have travelled overseas since 16 March 2020.

Other Tax Measures

- The Commissioner of Inland Revenue has been given discretion to waive late payment interest and penalties for taxpayers that are significantly affected by Covid-19. This applies to all tax payments that were payable after 14 Feb 2020.
- The threshold for provisional tax has increased from \$2500 to \$5,000 for the year beginning 1 April 2020 – allowing more small taxpayers to delay paying their taxes. This will allow small taxpayers to retain cash for longer.
- Temporary depreciation rule – For the 2020/2021 year only, low value assets up to \$5000 can be fully depreciated upon purchase (applies to assets purchased from 1 April 2020). The threshold will permanently increase to \$1,000 from 1 April 2021.
- Reintroduction of depreciation on commercial and industrial buildings – legislation will be passed shortly allowing for residential rental and commercial building to be depreciated at 2% diminishing value 2020/2021 year onwards.

References

www.workandincome.govt.nz

www.govt.nz/coronavirus

www.business.govt.nz