

# HortNZ – COVID-19 recovery support including the wage subsidy, leave support, business cash flow loans, and tax measures

18 August 2020

## Extension to the extended Wage Subsidy - COVID-19 Resurgence Wage Support Subsidy

- The new two week wage subsidy scheme will be open for applications from 1pm on Friday 21 August to 3 September on: <https://www.workandincome.govt.nz/covid-19/resurgence-wage-subsidy/index.html>
- The criteria for the new wage subsidy extension is that a business must have had, or is predicting to have, a 40% revenue drop due to COVID-19. For this new scheme, the revenue drop applies for any consecutive period of at least 14 days within 12 August and 10 September compared to last year.
- The scheme is available nationwide and the two week payment will run from the date you apply.
- The current wage subsidy extension is still available – and open until 1 September for eligible businesses. Businesses that haven't yet accessed that scheme should reassess if they now meet the current criteria, following the recent increase in alert levels.

*NB: Businesses can't apply for more than one scheme for the same employee at the same time.*

## Simplifying Leave Support Scheme

- The COVID-19 Leave Support Scheme provides a payment to businesses to pay their workers who need to take leave due to COVID-19 public health guidance.
- The Government announced Monday 17<sup>th</sup> August they will **remove the revenue drop and "negatively impacted" tests** for the COVID-19 Leave Support Scheme from **1 pm 21 August**. This means the revenue test will no longer apply.
- This is to further support wide-scale testing, removing barriers to a person getting tested.
- Find out more on: <https://www.workandincome.govt.nz/covid-19/leave-support-scheme/index.html>

## Other updates

- The mortgage deferral scheme will be extended from its current end-date of 27 September 2020, to 31 March 2021. Further details will be made available by the Reserve Bank and the retail banks.
- Further work is being done to ensure support continues to be adaptable and flexible for alert level movements. This includes work on the Small Business Cashflow Loan Scheme and potential further changes to the Leave Support Scheme.

## **COVID-19 Business Advisory Funding – support services from the Regional Business Partner Network.**

This fund provides support in areas such as HR, health and wellbeing, business continuity, cashflow and finance management, strategy and digital capability. To find out more go to:

<https://covid19.nzte.govt.nz/page/regional-business-partner-network>

## **COVID-19 financial support tool**

This tool will take you, step by step, through a series of questions to find out what financial help may be available to you. Employers, employees, self-employed and people who have lost their job due to COVID-19 can all use this tool. Go to: <https://covid19.govt.nz/business-work-and-money/financial-support/covid-19-financial-support-tool/>

## COVID-19 wage subsidy extension

A Wage Subsidy Extension payment is available to support employers, including self-employed people, who are still significantly impacted by COVID-19. Applications are open from 10 June 2020 to **1 September 2020**.

Criteria:

- You must have had a decline in revenue of **at least 40%** for a continuous 30-day period before you apply (but no earlier than 10 May 2020), compared to the closest period last year, and the decline must also be related to COVID-19.
- It will cover **8 weeks** per employee from the date you submit your application.
- It will be paid to you as a lump sum at the same weekly rate as the Wage Subsidy.
- If you've given an employee notice of redundancy before you apply, you can't apply for those employees unless the redundancy notice is withdrawn.
- You'll need to agree to certain obligations, such as to:
  - pass the subsidy on to your employees
  - retain your employees for the duration of the subsidy
  - do your best to pay your employees at least 80% of their normal pay
  - take active steps to mitigate the impact of COVID-19 on your business.

**NB:** You can't apply for the Wage Subsidy Extension for an employee until their 12-week Wage Subsidy has finished. You can't receive more than one COVID-19 payment for the same employee at the same time.

More information about this payment and how to apply will be available on:

<https://www.workandincome.govt.nz/covid-19/wage-subsidy-extension/index.html>

## COVID-19 Leave Support Scheme

The COVID-19 Leave Support Scheme is available for employers, including sole traders, to pay their employees who can't work. This means your employees:

- can't come into work because Ministry of Health guidelines recommend they stay at home, and
- can't work from home.

**NB: from 1pm on 21 August 2020 the revenue test won't apply.**

Criteria:

- Your business must have either:
  - experienced a minimum 30% decline in actual or predicted revenue over the period of a month when compared to the same month last year, or a reasonably equivalent month for a business operating less than a year (and your business must experience this decline between January 2020 and 9 June 2020), and that revenue loss is related to COVID-19; **OR**
  - had your ability to support your employee due to the COVID-19 public health restrictions has been negatively impacted.

The Leave Support Scheme is paid as a lump sum and covers **4 weeks per employee** from the date you submit your application. You can't apply for less than 4 weeks.

For more information and to apply go here: <https://www.workandincome.govt.nz/covid-19/leave-support-scheme/index.html>

**NB: You can't receive the leave support payment and the wage subsidy for the same employee at the same time.**

## **Business Finance Guarantee**

Small and medium-sized businesses may be eligible for Business Finance Guarantee scheme. The scheme helps businesses access credit to support operating cashflow disrupted by COVID-19.

Participating banks can provide to eligible businesses:

- new loans
- increased limits to existing loans
- revolving credit facilities.

The scheme supports banks to take on lending by the Government taking on the default risk of up to 80% of the loan.

Lending decisions are made by banks. Borrowers must still pay the loan back — with interest — as they would normally.

More information is available on: <https://treasury.govt.nz/information-and-services/new-zealand-economy/covid-19-economic-response/asures/bfg>

## **Small Business Cashflow Loan Scheme**

Inland Revenue will provide interest-free loans for a year to small businesses as they recover from the impacts of COVID-19.

The Small Business Cashflow Loan Scheme will provide assistance of up to \$100,000 to firms employing 50 or fewer full-time equivalent employees.

Loans will be interest-free if they're paid back within a year. The interest rate will be 3% for a maximum term of 5 years. Repayments are not required for the first 2 years.

Applications can now be submitted up to and including 31 December 2020. More information on the loan, including eligibility criteria is available at: <https://www.ird.govt.nz/covid-19/business-and-organisations/small-business-cash-flow-loan>

## **Business cash flow and tax measures**

Inland Revenue has information on a range of measures to help businesses as they recover. These include:

- greater flexibility for taxpayers in respect of statutory tax deadlines
- changes to the tax loss continuity rules
- a tax loss carry-back scheme
- measures to support commercial tenants and landlords
- further business consultancy support.

For information on IRD support measures go to:

[https://www.ird.govt.nz/covid19?utm\\_source=business.govt.nz&utm\\_medium=newsletter&utm\\_campaign=special\\_cv\\_edition](https://www.ird.govt.nz/covid19?utm_source=business.govt.nz&utm_medium=newsletter&utm_campaign=special_cv_edition)

## **Insolvency relief for businesses**

The Companies Office offers relief for companies and other entities facing difficulties in complying with their statutory obligations, or obligations under their constitutions or rules, as they recover from the impacts of COVID-19.

The COVID-19 Business Debt Hibernation scheme allows businesses to place their existing debts on hold for up to 7 months to help them start trading normally again.

Company directors facing significant liquidity problems can also seek a safe harbour from sections 135 and 136 of the Companies Act 1993.

Information on how you can access the insolvency relief and the requirements that you'll need to meet is available on the Companies Office website: <https://www.companiesoffice.govt.nz/covid-19/relief-measures/>

## **Apprenticeship Boost Initiative**

Support will be available to employers of first and second year apprentices in a Tertiary Education Commission-approved New Zealand Apprenticeship or Managed Apprenticeship programme.

The amount that can be claimed will vary depending on when an apprentice started their training programme and when they reach 24 months. Employers can claim:

- \$1,000 a month for eligible apprentices in the first 12 months of their training programme
- \$500 a month in the second 12 months of their training programme.

Funding will be available from August 2020 until April 2022.

Employers are required to top up the funding they receive to ensure their apprentices receive at least the minimum or training wage they are legally entitled to.

To find out more go to: <https://www.workandincome.govt.nz/employers/subsidies-training-and-other-help/apprenticeship-boost.html>

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