

COVID-19 SPECIAL NEWSLETTER

We recognise that many of our clients are being impacted by COVID-19 related issues. This special newsletter aims to provide a quick overview, together with useful links to more detailed information and relevant application forms, to assist our clients to react quickly to these issues.

GOVERNMENT BUSINESS SUPPORT PACKAGE

In regard to business, yesterday's government package covered 3 relevant areas:

1. Wage subsidy for employers
2. Leave payment assistance for employers
3. Business Tax Package

Wage Subsidy

This aims to support your business if you are affected by COVID-19 and facing the possibility of laying off staff or reducing hours because of COVID-19.

The wage subsidy is paid at a flat rate of \$585.80 for employees working 20 hours or more per week or \$350 if working less than 20 hours per week.

The subsidy will be paid as a lump sum for a 12 week period i.e. \$7,029.60 per employee and aims to help keep your business viable and staff employed while you consider any changes that may arise from COVID-19 disruption. This subsidy can only be applied for once, with a maximum payable amount of \$150,000 per employer.

To qualify for a claim a business must show a minimum 30% decline in actual or projected revenue in any one month when compared with the same month of the previous year, provided that the decline is related to COVID-19 and occurred in a month between January – June 2020.

Specific circumstances we have come across that may affect some clients include:

- New business with no twelve-month history – compare your revenue against a previous month to give the best estimate of the revenue decline related to COVID.
- Business that has expanded over the last year, so turnover may have gone up however, the increase is 30% less than anticipated due to COVID – need to review comparable business unit size from 12 months ago to current results.

We can assist clients with the review of actual results or projections if required.

Leave Payment

To encourage self-isolation to minimise spread of COVID-19 a Leave Payment subsidy will be available to support employees if they need to self-isolate and cannot work because they are sick with COVID-19 or because they are caring for dependents who are required to self-isolate or are sick with COVID-19.

The Leave Payment will be made at the same rates as the wage subsidy and will be available for 8 weeks from 17 March 2020. Employers can apply for this more than once (every 14 days per affected employee). This recognises that employees may have to self-isolate more than once.

You and your employees can agree to use any form of paid leave (ie sick/annual leave) however, paid leave does not have to be used before applying for Leave and Self-isolation Support from the Government.

NB: A condition of any entitlement to receive the Leave and Self-isolation Support is that the employee must register with Healthline.

Business Tax Package

The tax package includes some changes to building depreciation and immediate deductions for small asset purchases that apply for the 2021 tax year. As these will have little immediate impact on clients we will cover specifically at a later time.

Of more immediate significant impact will be tax related measures. The most significant of these is the IRD being authorised to waive interest on late payments of tax for taxpayers whose ability to make payments was significantly adversely affected from COVID-19 impacts.

This relief will apply to interest on all tax payments (including provisional, PAYE and GST) due on or after 14 February 2020 and will apply for a period of up to 2 years. It is already within the IRD's power to waive penalties.

We still await details of the tests IRD will apply regarding interest and penalties. Note that the core tax payment obligation will remain and acceptable repayment programs will need to be arranged with IRD. We suggest any clients having cash flow issues and concerns about meeting their tax obligations contact us for assistance in dealing with IRD.

Blackburne Group are here to support you and your business during this difficult time. Please call us if we can provide further assistance with any of the above 0508 376 0092.