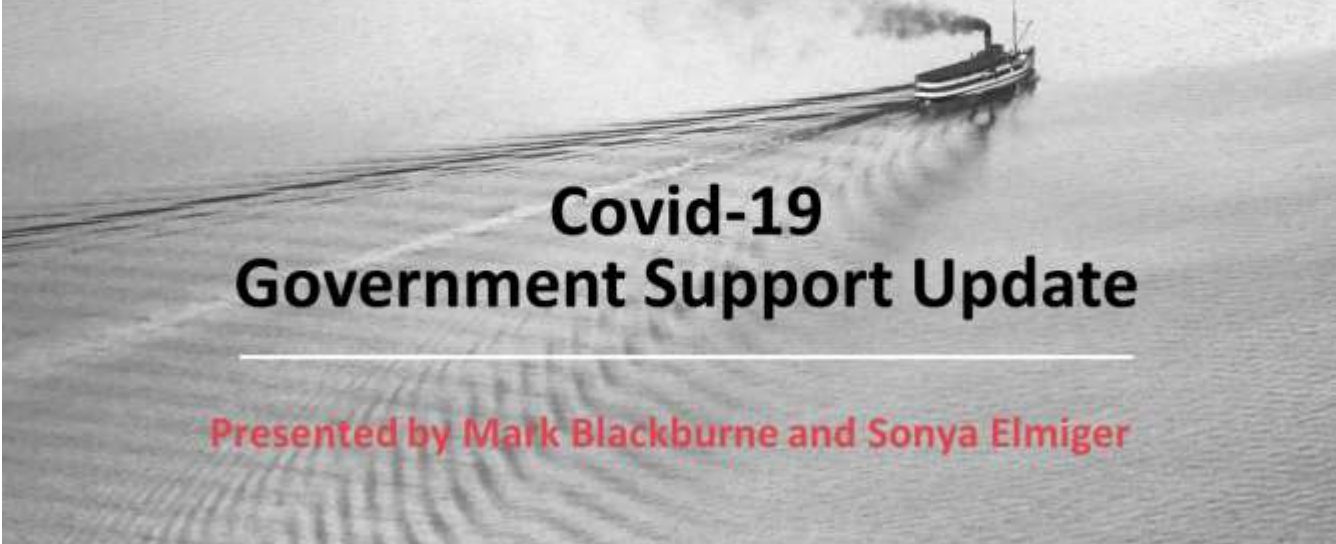




BlackburneGroup
CHARTERED ACCOUNTANTS



**Covid-19
Government Support Update**

Presented by Mark Blackburne and Sonya Elmiger

Notes:

Today's panellist



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Notes:

Today's panellist



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Notes:

A person is paragliding over a range of rugged, snow-capped mountains. The sky is a clear, vibrant blue. The paraglider's yellow canopy is visible in the upper left quadrant, and the person is suspended below it. The mountains in the background are jagged and covered in patches of snow.

Government's key message

“We need our businesses to stay solvent to help with the business recovery.”

Notes:

Agenda

1. Employer wage subsidy scheme.
2. Mortgage holiday scheme.
3. Business finance guarantee scheme.
4. Small business cashflow loan scheme.
5. RBPN grants for advisory services.
6. IRD debt relief.
7. Tax loss carry back scheme.
8. Landlords and leases.
9. Insolvency relief for companies.
10. Our support.
11. Your next steps.
12. Questions.

Notes:

Employer Wage Subsidy Scheme

- 12 weeks per employee
- \$ 585.80 per week for full time workers (20 hours or more pw)
- \$ 350 per week for part time workers (less than 20 hours pw)
- To qualify, your business must have experienced at least a 30% decline in revenue, AND the decline must relate to COVID-19
- You must use the subsidy to continue paying wages
- New and high-growth businesses may also qualify
- The scheme closes (at the moment) on 9th June 2020

Notes:

Mortgage Holiday Scheme

The details

- A six-month principal and interest holiday for mortgage holders and small to medium sized businesses; or
- Interest only payments for six months+

If you obtain a principal and interest holiday, the interest that accrues will be added to your mortgage.



Notes:

Business Finance Guarantee Scheme

Loan details

- One loan of up to \$ 500,000
- The loan is for up to 3 years, with interest rates from 4% p.a.
- You must be an eligible business
- The loan must be used to support operating expenses
- Capital expenditure of up to 5% of the loan is permitted
- 80% of the credit risk is carried by Government, 20% by the bank

Notes:

Business Finance Guarantee Scheme

Eligibility

- Businesses with annual turnover of between \$250k and \$80m
- Certain exclusions apply:
 - Property investors/developers
 - Agriculture
 - Recreational cannabis etc.
 - Refinancing existing debt, except for advances made after 16th March 2020



Notes:



Business Finance Guarantee Scheme

What you'll need to show the bank

- That you can service the debt, based on pre-COVID financials, with increased debt levels, requiring a cashflow forecast
- A forward-looking (12 month) plan to return to viability
- Your latest Annual Accounts
- That all other existing banking facilities have been exhausted

Notes:

Small Business Cashflow Loan Scheme

- Government loan administered by Inland Revenue
- Businesses must employ 50 or fewer FTEs
- Assistance of up to \$100,000
- Scheme provides \$10,000 plus an additional \$1,800 per FTE
- Interest free if loan repaid within a year, otherwise, interest rate of 3% for up to five years
- Repayments not required for first two years
- Businesses must meet eligibility criteria

Notes:

Making our services affordable

- We can get paid once your finance has been approved; or
- You can pay through our fee funding facility - SmartAR
 - You pay over 6, 9 or 12 months

You may qualify for GRANT funding.



Notes:

Notes:

Xero Assistance Programme - XAP

Free, confidential wellbeing support, simply email: xap@xero.com



XAP provides Kiwi small businesses access to confidential telephone, live chat and online counselling and resources through Xero's global provider, Benestar.

Available free to Xero Starter, Standard and Premium subscribers, their employees and their families.

Notes:



IRD Relief

- Interest remission once core tax paid
- Remission of penalties
- Greater flexibility with tax payment dates
- Instalment arrangements
- Write-offs due to serious hardship
- Write-offs under “maximum recovery”

We will work directly with IRD
on your behalf

Notes:

Tax Loss Carry Back Scheme

- Businesses expecting to make a loss in either the 2019/20 year or the 2020/21 year will be able to estimate the loss and use it to offset profits in the past year
- As a result, businesses can cash out all or some of their losses in 2019/20 or 2020/21 rather than carrying forward any loss to future years
- Permanent application for future years subject to detailed design and consultation in the second-half of 2020




Notes:

Tax Loss Carry Back Scheme - Worked Example

- Co A was, up until recently, in good financial health. It is expecting to return \$200,000 in net income for the year ending 31 March 2020. Co A has already paid \$45,000 in provisional tax instalments and had a final provisional tax payment of \$11,000 due on 7 May 2020.
- As a result of the Covid-19 lockdown, Co A has temporarily halted its business activity (although it is still paying staff and rent for its premises). Last week the directors met and are projecting a loss for the next financial year ending 31 March 2021. Although the projections are estimates at this stage, it looks like Co A will have a tax loss in the range of \$150,000 to \$200,000 for the 2020/21 year.
- Co A would be able to alter its third provisional tax payment. If Co A adopts the income projection for the 2020/21 year at the lower end of the scale (i.e. estimates that it will make a \$150,000 tax loss and thereby reducing its exposure to UOMI if the loss is overestimated), it can carry back this loss to the 2019/20 year and re-estimate its income for the year to \$50,000 (down from \$200,000).
- Because it has already paid \$45,000 in tax, it paid nothing on 7 May, and will receive a refund of \$31,000 from its earlier provisional tax payments.

Notes:



Commercial Tenants and Landlords

- Many lease agreements include a 'No access in emergency' clause, meaning a reduction in rent is required in law
- Tenants and landlords are working together to assess a fair reduction in rent as a result of the lockdown
- In addition, Government is extending the timeframes required before landlords can cancel leases

Notes:

NEW ZEALAND COMPANIES OFFICE

Insolvency Relief for Companies

- A safe harbour from insolvency duties for company directors
- Ability to place debts into hibernation until normal trading starts
- Allowing electronic signatures
- Extension of Companies Office deadlines
- Temporary relief from compliance with constitutions/rules

The Government will be introducing legislation to make changes to the Companies Act to help businesses facing insolvency due to COVID-19 to remain viable, with the aim of keeping New Zealanders in jobs.

[Read our news item](#)

Notes:




Your next steps

- Doing nothing is NOT an option
- Put the oxygen mask on yourself first
- Make a plan
- Focus on what you CAN do
- Get help from us



Notes:



How we can help you

1. Online Business Continuity Planning Session. \$1,000-\$2,000
2. Online Business Continuity Plan Review Meeting. \$500-\$1,500
3. Complete your own Business Continuity Plan - Free.
4. Finance Application under the Guarantee Scheme - POA.
5. Forecasting - POA.
6. IRD projects - POA.

Notes:



Questions?

Notes:

Parting thought

*"A good plan today is better
than a perfect plan tomorrow."*

- George Patton

Notes: