



Government support for businesses recovering from COVID-19

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can help businesses significantly impacted by COVID-19 to keep employees >>

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helps businesses understand and manage COVID-19 impacts and plan for recovery >>

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helps businesses manage cashflow with a quick, low-cost loan >>

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available through participating banks to support business cashflow needs and response or recovery projects resulting from COVID-19 >>

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helps businesses with cashflow by using tax losses to offset prior-year profit >>

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allows businesses affected by COVID-19 disruptions to place their existing debts on hold while they recover >>



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How can we support your business recovery?

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REMISSION OF PENALTIES AND INTEREST

helps taxpayers facing interest and penalties for late tax payments, if they have been impacted by COVID-19 >>

WAGE SUBSIDY SUPPORTS

can help businesses significantly impacted by COVID-19 to keep employees



What it provided	<p>For the Auckland August 2020 resurgence, the most recent period when the Wage Subsidy Scheme was available, eligible employers (including sole traders and self-employed) could receive the Resurgence Wage Subsidy payment for two weeks:</p> <ul style="list-style-type: none">• \$585.80 for each employee working 20 hours or more a week• \$350 for each employee working less than 20 hours a week <p>In previous periods where the Wage Subsidy Scheme was available, the weekly payment rates were the same, however different eligibility criteria have applied at different times while the scheme has been in operation.</p>
How do I find out more?	<p>Visit the Work and Income website: https://www.workandincome.govt.nz/covid-19/covid-19-support-for-employers.html</p> <p>Any staff who lose their job because of COVID-19 before 30 October may be eligible for the COVID Income Relief Payment. You can help them access this and other support available through Work and Income using the link above.</p>

CONSULTANCY SUPPORT

helps businesses understand and manage COVID-19 impacts and plan for recovery



What it provides	<p>Businesses can access tailored specialist support, free of charge, for issues such as business continuity planning, finance and cash flow management, HR issues, and sector-specific issues in some cases.</p> <ul style="list-style-type: none">• The Regional Business Partner Network is providing advisory services using a voucher system so that more businesses can access the advice they need.• Helplines run by the Employers and Manufacturers Association and the Canterbury Employers' Chamber of Commerce also have additional funding to provide more support
Am I eligible?	<p>To access support, contact your Regional Business Partner Network or providers to discuss your needs.</p>
How do I find out more?	<p>Visit the Regional Business Partner Network website: regionalbusinesspartners.co.nz</p> <p>Visit the EMA COVID-19 website: covid19.ema.co.nz</p> <p>Visit the Canterbury Employers' Chamber of Commerce website: cecc.org.nz</p> <p>For Tourism Advisory Support Services, visit the Qualmark website: qualmark.co.nz</p>

SMALL BUSINESS CASHFLOW LOAN

helps businesses manage cashflow with a quick, low-cost loan



What it provides	<p>Eligible businesses and organisations (including sole traders and self-employed) can apply for a one-off, five-year loan. This scheme has been extended to enable applications up to and including 31 December 2020.</p> <ul style="list-style-type: none">• Maximum loan amount is \$10,000 plus \$1,800 per full-time-equivalent employee, to a maximum total loan of \$100,000.• Sole traders can receive a loan of up to \$11,800.• Annual interest rate of 3% beginning from the date of the loan being provided.• Interest will not be charged if the loan is fully repaid within one year
Am I eligible?	<p>To be eligible to apply, your business must:</p> <ul style="list-style-type: none">• Have 50 or fewer full-time-equivalent employees – commonly owned groups will be treated as a single business when applying this limit• Be viable on an ongoing basis (generally, more likely than not to be able to pay their debts on time within the next 18 months)
How do I find out more?	<p>Visit the Inland Revenue website: ird.govt.nz/covid-19/business-and-organisations</p>

BUSINESS FINANCE GUARANTEE SCHEME LOANS

available through participating banks to provide for businesses operating cash flow needs and response or recovery projects resulting from COVID-19



What it provides	<p>Participating banks can provide term loans and revolving credit facilities to businesses that need credit due to business disruption caused by COVID-19.</p> <p>The Crown Business Finance Guarantee applies to 80% of any shortfall the bank has after following its normal processes to recover the debt, with the bank covering the remaining 20%. This is to encourage banks to lend where otherwise they might not.</p> <ul style="list-style-type: none">• Scheme maximum individual loan facility of \$5 million (your bank will determine your maximum loan amount)• Scheme maximum loan facility term of five years (your bank will determine your maximum loan term)• Government guarantee does not limit the borrower's liability for their debt• The Crown will guarantee 80 percent of the loan, whether a personal guarantee is in place, or not. Banks make their own lending decisions subject to their own lending requirements.• Loan facility can be applied for under the scheme until 31 December 2020
Am I eligible?	<p>Your bank assesses if your business is eligible for a supported loan facility, applying its normal lending criteria and processes modified to take into account the uncertainty of the economic conditions caused by COVID-19.</p> <p>To be generally eligible to apply for a loan under the Scheme your business must:</p> <ul style="list-style-type: none">• Be New Zealand-based• Have annual revenue of \$200 million or less in its most recently completed financial year• Not be on your bank's credit watchlist• Not be engaged in excluded activities• Not be a residential or commercial property developer or investor, or a local authority or council-controlled organisation• Be viable on an ongoing basis (generally, more likely than not to be able to pay their debts on time within the next 18 months)
How do I find out more?	<p>General information about the Business Finance Guarantee Scheme is available at Treasury.govt.nz</p> <p>Talk to your bank to discuss your financing needs and if they can be supported under the Scheme.</p>

TEMPORARY TAX LOSS CARRY-BACK

helps businesses with cashflow by using tax losses to offset prior-year profit



What it provides	<p>Businesses making a loss in the 2020 income year, or expecting to make a loss in 2021, may be eligible for a tax refund by carrying back that loss to the preceding income year. There are two ways to do this:</p> <ul style="list-style-type: none">• Include the carried-back loss in your 2020 tax return and receive an automatic refund of any overpaid tax – if the 2019 tax return has already been filed, you can amend it through myIR• Ask for a refund of any provisional tax paid for 2020 if you want to carry back an estimated loss for 2021 <p>Any amounts refunded depend on the amount of the loss and the profit earned in the previous year.</p>
Am I eligible?	<p>Your business needs to have:</p> <ul style="list-style-type: none">• Incurred, or expect to incur, a loss in the 2020 or the 2021 tax year• Made a profit in the year before the loss <p>Companies also need to meet these conditions:</p> <ul style="list-style-type: none">• The company has maintained 49% common ownership throughout the loss year and preceding year• The group has retained 66% common ownership throughout the loss year and preceding year• Sufficient imputation credit account balance to cover any refund
How do I find out more?	<p>Visit the Inland Revenue website: https://www.ird.govt.nz/losscarryback</p> <p>Use myIR to let Inland Revenue know you want to use the loss carry-back scheme, and to have any refunds processed much faster.</p>

BUSINESS DEBT HIBERNATION

allows businesses affected by COVID-19 disruptions to place their existing debts on hold while they recover



What it provides	<p>Business debt hibernation allows businesses affected by COVID-19 disruptions to place their existing debts on hold for up to seven months to help them start trading normally again, rather than starting processes such as liquidation.</p>
Am I eligible?	<p>To be eligible for business debt hibernation, businesses need to be:</p> <ul style="list-style-type: none">• The right type – for example: companies, trusts, and partnerships are generally eligible, but some types of particular businesses are not – for example: insurers and banks. Sole traders are not eligible and instead are subject to the Insolvency Act 2006• Viable• Formed or established before 3 April 2020 <p>At least half of the business's creditors must agree to the arrangement the business proposes. While a business is in Business Debt Hibernation it can continue to trade, subject to any restrictions agreed with creditors as a condition of entering hibernation.</p>
How do I find out more?	<p>Visit the Companies Office website companiesoffice.govt.nz/covid-19/business-debt-hibernation</p>

COMMERCIAL PROPERTY LAW CHANGES

help commercial tenants and landlords to keep leases in place through recovery



What it provides	<p>COVID-19 has impacted on businesses' ability to meet costs such as rent, as well as on commercial landlords' ability to meet mortgage payments. Temporary law changes were made on 16 May 2020 to support tenants and landlords in this situation. These are:</p> <ul style="list-style-type: none">• Commercial landlords must give a tenant at least 30 (formerly 10) working days' notice before cancelling a lease because of overdue rent• Lenders must give 40 (formerly 20) working days' notice before they use their powers to take possession of, or sell, the mortgaged property (this includes mortgages over residential as well as commercial property; for mortgages over goods, the timeframe is 30 working days)• Parties to many smaller-scale commercial leases are required to negotiate payment obligations to ensure a fair rent is agreed <p>These measures give tenants more time to catch up or to approach the landlord to negotiate temporary changes to the rent or lease agreement to help them get through until they can resume operating as usual. They also give borrowers more time to remedy breaches or defaults before lenders can take action. These changes do not affect core repayment obligations.</p> <p>These changes are temporary and apply from 1 April 2020. The law will return to the current timeframes six months after the end of the Epidemic Preparedness (COVID-19) Notice 2020 put in place on 24 March 2020 (gazette.govt.nz/notice/id/2020-g01368).</p>
Am I eligible?	<p>If you are a commercial tenant or mortgage holder experiencing difficulty paying rent or making mortgage payments because of reduced income due to COVID-19, talk to a lawyer about how the law changes apply to your circumstances.</p> <p>This is particularly important if you have already been given notice of overdue rent or mortgage payments.</p>
How do I find out more?	<p>Visit the Ministry of Justice website: justice.govt.nz/about/news-and-media/covid-19-news/guidance-for-commercial-property-settlements</p>

LEAVE SUPPORT SCHEME

help to pay workers who've been told to self-isolate



What it provides	<p>Leave Support is for businesses to help pay workers (including self-employed) told to self-isolate because of COVID-19. It's paid as a lump sum and covers two weeks per eligible employee at the rates of:</p> <ul style="list-style-type: none">• \$585.80 for each employee working 20 hours or more per week• \$350 for each employee working less than 20 hours per week. <p>You can keep re-applying for the same employee as long as you meet the criteria and the payment is available.</p>
Am I eligible?	<p>To receive Leave Support payments, your business must:</p> <ul style="list-style-type: none">• be registered (except sole-traders) and operating in New Zealand• employ people legally working in New Zealand.
What health criteria must workers meet?	<p>This payment is for workers can't work from home and:</p> <ul style="list-style-type: none">• are sick with COVID-19 and must self-isolate, until a doctor tells them they can leave isolation, or• are identified as someone who has, or may have been in contact with someone who has, COVID-19 and must self-isolate for a period, including:<ul style="list-style-type: none">• a close contact who has been told to self-isolate by a health official through the contact tracing process• someone with COVID-like symptoms who meets the Ministry of Health's Higher Index of Suspicion criteria and has been told to self-isolate by a doctor• casual contacts who have been told to self-isolate by a health official through the contact tracing process, or• are the parent or caregiver of a dependant who has been told to self-isolate for a period and the dependant needs support to do so safely, or• are sick with COVID-like symptoms and work in a health and disability or aged-care facility or service and need to self-isolate while awaiting a test or test result (note there are other criteria the employer will need to meet), or• are considered 'higher risk' if they contract COVID-19 and a doctor has told them to self-isolate while there's active community transmission, or• have household members who are considered 'higher risk' if they contract COVID-19 and a doctor has told them to self-isolate while there is active community transmission.
Who decides if a worker needs to self-isolate?	<p>The worker must have been told to self-isolate by a health official, such as:</p> <ul style="list-style-type: none">• a Medical Officer of Health or their delegate (e.g. a DHB Public Health Unit)• a medical practitioner, for example, a doctor/GP• a health official through the Ministry of Health's National Contact Tracing process• their employer (for healthcare, disability or aged-care workers) following best practice guidance from the Ministry of Health.
What are my obligations?	<p>You must pay your employees in line with their employment agreement and your obligations to employment legislation remain. You must pass on all of the Leave Support you apply for to those workers.</p>
How do I find out more?	<p>Visit the Work and Income website https://www.workandincome.govt.nz/covid-19/leave-support-scheme/index.html</p>

TAX ADMINISTRATION ACT CHANGES

helps businesses with cashflow and stability through more flexible tax requirements



What it provides	Amendment of the Tax Administration Act has provided Inland Revenue with flexibility to modify tax filing timeframes and procedural requirements for businesses affected by COVID-19.
Am I eligible?	<ul style="list-style-type: none">• Eligibility for flexible arrangements will depend on the circumstances of your business• This discretion is only able to be used with businesses impacted by COVID-19
How do I find out more?	Contact Inland Revenue to discuss your situation: ird.govt.nz

R&D TAX INCENTIVE

helps businesses retain their R&D capability during the COVID-19 disruptions and receive a tax credit more quickly



What it provides	Qualifying businesses can claim a 15% tax credit on their eligible R&D costs. The application date of broader refundability for the R&D tax credit has been brought forward by one year, to the 2019–20 income year. This allows more loss-making businesses to have this R&D tax credit refunded in cash, and sooner.
Am I eligible?	<p>In general, to claim the R&D tax incentive, your business must meet all of the following:</p> <ul style="list-style-type: none">• Eligible R&D activities• Eligible expenditure• Status as an eligible entity• Submitted your supplementary return and income tax return by the deadline <p>Assess your eligibility using this online tool: ird.govt.nz/research-and-development/tax-incentive/eligibility</p>
How do I find out more?	Visit the R&D Tax Incentive website: rdti.govt.nz

DEPRECIATION TAX DEDUCTIONS

helps businesses with cashflow and reinvestment by increasing the low-value asset threshold and allowing deductions for commercial and industrial buildings



What it provides	<p>From the 2021 tax year, eligible businesses will be able to claim depreciation on commercial and industrial buildings.</p> <p>The applicable depreciation rates are 2% DV and 1.5% SL.</p> <p>The low-value asset threshold for depreciation has also been temporarily increased until 16 March 2021 to allow you to deduct the full cost of your business assets (purchased after 16 March 2020) with a value of less than \$5,000 in the year you purchased them, instead of having to spread the cost over the life of the asset. From 17 March 2021 the low-value asset threshold will be permanently increased to \$1,000 (up from \$500 pre-COVID-19).</p>
Am I eligible?	<p>In general, depreciation is only able to be claimed on commercial and industrial buildings – not residential. Short-stay accommodation eligibility will depend on whether it is classed as residential or commercial.</p>
How do I find out more?	<p>Visit the Inland Revenue website: ird.govt.nz/covid-19/business-and-organisations</p>

REMISSION OF PENALTIES AND INTEREST

helps taxpayers facing interest and penalties for late tax payments, if they have been impacted by COVID-19



What it provides	<p>Interest and penalties charged on late tax payments can be written-off for taxpayers that have had their ability to make a tax payment on time significantly adversely affected by COVID-19.</p>
Am I eligible?	<p>Interest may be written-off if:</p> <ul style="list-style-type: none">• The due date for the payment was no earlier than 14 February 2020• The ability to make the payment on time was significantly adversely affected by COVID-19• The taxpayer requests that the interest be remitted; and• The outstanding tax is paid as soon as practicable <p>Similar eligibility requirements will be considered for writing-off penalties.</p>
How do I find out more?	<p>Contact Inland Revenue to discuss your situation: ird.govt.nz</p>