

Hello there

Further to our email on 30th March, we have some more information about help from various sources and more about how you can interact with us through the lockdown period. In the meantime, stay safe and well at home.

Problems viewing this email? Click [here](#) for the online PDF version

Interacting with Us

Our team is working from home and it is business as usual apart from conducting our meetings with you by phone, Zoom, FaceTime, or Skype and restricted access to printing facilities. Please contact us by calling Kay on our office number 03 418 0020 or email us in the normal way.

Mail

We have access to the post. We can also receive records or documents by prior arrangement subject to hygiene requirements. We have limited ability to send physical items and most documents are being sent electronically.

Getting Records to Us

It is time to get your GST in to us, and for many of you, your end-of-year records. For those with reduced incomes due to Covid-19 it is best to get started on these as soon as possible so we can look to adjust the 7th May tax instalment. Here is what we suggest:

- Where possible, please send your records electronically
- If you can, take photographs or scans of important documents and email them, or you can use Drop Box or Google Docs
- If you want to get your folders to us, please use post or courier – these will get to us
- If you are a Xero user consider Xero files or Hubdoc, or any other file sharing software
- If you want to deliver information while you are in town for groceries, you can envelope it and put it through the slot in our door
- If it can't be enveloped to fit through the slot, please ring Kay, 418 0020 or email her, kay@shandthomson.co.nz the day before - she may be able to make arrangements for you.

For GST, we will call you if we have questions – there may be more of these if it has been difficult to get records to us.

Help with Payroll & Employment Matters

Contact Rachel rachel@shandthomson.co.nz and Karen karenm@shandthomson.co.nz for help with payroll and

Government Assistance

The wage/working owner subsidy scheme has been well canvassed in our earlier updates and we continue to help businesses determine their eligibility where they have unusual circumstances. To recap and summarise the more recent changes:

- Eligibility hinges on being 30% or more down on turnover (not profit, not cash) in one month or more from January – June 2020 due to Covid-19
- You need to have taken reasonable steps to mitigate the effect of Covid-19 on your business
- You must retain the employees throughout the 12 week period
- You can apply more than once – but not for the same employee
- Working owners are eligible for the subsidy too
- Best endeavours are needed to top up the subsidy to 80% or more throughout the 12-week period.

Other assistance that is available:

Business Finance Guarantee

The Government has put in place a Business Finance Guarantee Scheme for small and medium-sized businesses. In partnership with participating approved banks, the scheme supports targeted new loans to eligible businesses. It is aimed at:

- businesses with turnover between \$250,000 and \$80 million per annum
- loans of up to \$500,000, for up to three years.

The Government is providing security through a guarantee for 80% of the risk, while the banks are covering the remaining 20%. Normal lending criteria will apply.

The loan must be used for operating cash flow needs (e.g. rent and staff expenses), and excludes funds for capital assets, refinancing other debt, owner dividends etc. All New Zealand registered banks are eligible to apply to join the scheme and so far ASB, BNZ, Heartland Bank, HSBC, Kiwibank, SBS Bank, TSB and Westpac are involved. Applications are open until 30th September 2020.

Tax Payment Relief

The IRD has made it clear that if you are unable to make tax payments on the due date because of the impact of COVID-19,

employment/subsidy questions. Mel and Gaynor are also available and may respond for Rachel.

Some common FAQ:

- What rate do you pay for the public holidays over Easter? If staff have agreed to a change of terms to say 80%, the days of leave are paid at that rate too
- Do you have to show the wage subsidy on payslips? We recommend that you do
- Does the subsidy include GST? No, it does not. A safe place to analyse it to in Xero or MYOB is against your wage expense.

Changes to the Minimum Wage Apply Now

The minimum wage for employees aged 16 years and over increased on 1st April 2020. The new rates are shown below with calculations of gross wages for a typical 40-hour week for your reference.

- **Adult - \$18.90/hour or \$756.00/40 hour week**
- **Trainee - \$15.12/hour or \$604.80/40 hour week**

Paying Tax During Lockdown

- Payments to the IRD should be made electronically wherever possible during the lockdown – this is safest for you
- Only those with exemptions can pay taxes by cheque - you know who you are 😊
- You can pay tax at Westpac; however, the local branch is not open during the lockdown. Westpac South Dunedin (216 King Street) and Westpac Gore (36 Mersey Street) branches are open between 10am and 1pm on Wednesdays only
- If you cannot pay electronically and do not, have a cheque exemption, it may be better to pay your tax later, once lockdown restrictions are lifted.

Odd Requests & Notifications from IRD

You may have been on the wrong end of some of Inland Revenue's recent technical problems:

- letters cancelling Working for Families entitlement – the IRD acknowledge this error and is reinstating these
- letters requesting repayment of donation rebates – if you have one send it to us and we will sort this out for you
- requests for RWT returns for ceased entities or entities no longer registered as interest payers – let us know.

IRD Shutdown

The Inland Revenue's website is shut down from 3pm on the 9th April until the 16th April and myIR will be unavailable over this time.

interest and penalties will be remitted (on application). Special dispensation has been provided for in rushed through legislation. This change covers all tax types and 7th April 2020 terminal tax payments.

You will still see interest and penalties added to late payments and overdue notices. The IRD system adds these automatically. In each case, the IRD must be contacted to have the penalties and interest remitted **and** to set up payment plans. The difference is that the IRD have committed already to approve applications for remittance and that payment plans will be accepted after the due date. We are happy to help with putting these in place and seeking interest/penalty remission – just call or email us. You can also try DIY using web message via your MyIR account.

Other Tax Measures

The **low value asset** threshold has been lifted from \$500 to \$5,000 for any assets purchased from 17th March 2020. This to enable full deductions for assets such as laptops, computers and mobile phones purchased to help with working from home or delivering essential services. The threshold will reset at \$1,000 from 17th March 2021.

Depreciation on non-residential buildings will be reinstated from the 1st of April 2020 (the 2021 financial year) at 2% diminishing value. If this applies, you may be able to pay less 2021 provisional tax. The rationale for this change is to support businesses with cash flow in the near-term and assist economic recovery by encouraging business investment in new and existing buildings.

Increasing the **threshold for the provisional tax** regime from residual income tax of \$2,500 to \$5,000 from the 2021 financial year. This will reduce the number of taxpayers that fall into the provisional tax regime and assist with near-term cash flow.

Changes to **Working for Families** include the removal of the work hour's threshold for the In-Work payment so those unable to work due to Covid-19 are not penalised.

Not a new rule but there is potential to **minimise FBT expense** by reducing the days that vehicles are available for private use. This needs to be supported by letters to employees advising the vehicle is not available or available say two days a week, for private use during the lock down period.

Advisory Funding

The Otago Regional Business Partner Network (RBP) is available to support businesses through Covid-19. The service is funded by government and delivered by the Otago Chamber of Commerce. It is available to GST registered businesses with less than 50 fulltime staff. Funding is up to \$5,000. You can access to 1-1 support with professionals in the following areas: HR; Health and Wellness; Business Continuity Planning; Finance and Cashflow Management. Register at www.regionalbusinesspartners.co.nz and talk to an adviser to access this support.