

Accountants who know Agri business

Hello there

Here we are again – in level four lockdown. We hope you are safe and well at home and coping with the sudden changes. The government is offering business assistance again – some familiar and some less so. We are conscious there is information overload about what to do and which government assistance you may be eligible for so based on queries we have had to date we are addressing the most common forms of assistance and reminding you to read the declarations carefully as these are much expanded on last time.

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Wage Subsidies – Alert Levels 3 and 4

The wage subsidy is available again to help affected businesses retain and pay employees over lockdown.

Eligible?

Businesses are eligible if they have suffered a drop in total turnover (revenue) of at least 40% over the period 17th to 30th August 2021 and:

- can evidence that the drop is attributable to this lockdown
- have taken all reasonable steps to mitigate the effect,
- have looked to the business and owner's cash reserves,
- spoken to their bank and other advisers about options.

Read more about eligibility [here](#)

What do I need to do?

The declaration is much lengthier than last time and it is important you read this right through to be sure you understand what you are agreeing to. Read it [here](#). Commentators are being very specific – as is the declaration – that you must hold the required records to enable an audit of your eligibility post lockdown and you are also agreeing that you will or have:

- obtained the permission in writing of each employee (see example permissions attached)
- make all information available to MSD and other government agencies on request
- repay the subsidy in full if it turns out you are not eligible
- meet all normal employer obligations
- make best endeavours to pay no less than 80% of normal wages, and
- not change terms and conditions, including pay (this includes paying < 100% of wages) without consultation and written agreement from your employee.s

You can apply [here](#)

How much?

- \$600/week for those who work > 20 hours/week
- \$359/week for those who work < 20 hours/week

Applying for yourself?

- include yourself in your application,
- use the employer application option, unless
- you are a sole trader with no employees

How often?

Applications are in two weekly bites rather than the lump sum approach taken last year.

Resurgence Payment – Alert Level 2 and Above

This is a lump sum payment available to businesses affected by an upwards change in alert level and is intended to help with fixed costs such as rent and insurance.

Businesses can apply for both the resurgence payment and the wage subsidy.

Am I eligible?

Eligibility is determined by:

- a drop in total turnover (revenue),
- attributable to the elevated alert level,
- over seven day period since the start of the change in level,

of at least 30%.

You also must be:

- a NZ business owned and operated by you for > 6 months
- able to evidence that your business is ongoing and financially viable (defined on the Covid 19 website)

The revenue test is either cash or work capable of being invoiced depending on the type of business. The comparison period must be a normal week in the immediately preceding six weeks.

How much?

The lump sum amount you will receive if eligible are the lesser of:

- \$1,500 + \$400/FTE employee up to a maximum of 50 FTE
- Four times (x4) the actual revenue decline over the seven day period.

In other words the maximum payment is \$21,500 and in most cases will be less.

What do I need?

To apply you need to have your **NZ business number (NZBN)** close at hand. This also applies to applicants for the **small business cash flow scheme**. All NZ companies have one of these already and if you have a company structure you can find it by searching the companies register [here](#) Those who need to get one can apply [here](#)

Ready to Apply?

More information about this payment is available [here](#) and you apply [here](#)

Public Register

For both types of assistance you are agreeing to your business name being published online as a recipient.

Help with Payroll & Employment Matters

Contact Rachel rachel@shandthomson.co.nz and Karen karenm@shandthomson.co.nz for help with payroll and employment/subsidy questions.

Other Support for Employees

There is a [Leave Support Scheme](#) for those with employees who must self-isolate due to potential exposure to Covid-19 or because they are considered higher risk in times of active community transmission. Amounts available per employee are:

- Full time \$1,172/fortnight
- Part time \$700/fortnight

A supplementary scheme is the [Short-Term Absence Payment](#) (STAP) which is a payment for those with employees or business owners who required to stay at home while they await the results of a Covid-19 test for either themselves or dependents and are unable to work from home. The amount is \$350 per employee.

Small Business Cashflow Scheme (SBCS)

This loan is available to small and medium businesses to assist with cash flow for operating costs. Full details are available [here](#)

Eligibility criteria include:

- 50 or fewer full time equivalent (FTE) employees
- in business for at least six months
- able to evidence that your business is ongoing and financially viable (defined on the Covid 19 website) for the next 18 months; examples quoted are a cash flow forecast
- have experienced and can evidence a 30% decline in actual revenue over 14 day period in the six months before applying compared to the same period last year (or two years prior in some circumstances)

More information about eligibility criteria are available [here](#)

How much?

The loan amount is:

- \$10,000 plus
- \$1,800 per FTE employee

Up to a maximum of \$100,000.

The loan must be used for business operations and must not flow through to the shareholders or owners of the business.

When do I repay?

Loans are interest free for up to two years and must be repaid within 5 years. If approved, the loan is paid very promptly to the nominated bank account and has no drawdown costs.

The loan is a good option for those who would otherwise be looking at fixed lending or overdraft facilities for cash flow.

Already have a SBCS loan?

If you already have a SBCS loan in the past and have fully repaid it, you can apply again. The interest free period will be from the date of the new application.

How do I apply?

You need an **NZBN number** to apply. Armed with this you apply for the loan [here](#)

Paying Tax During Lockdown

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, interest and penalties will be remitted (on application). This covers all tax types. It is important to still file returns on time – especially employer and GST returns – however if you can't pay yet or can only part pay please let us know and we can invoke the relief from interest and penalties.

How to pay:

- Payments to the IRD should be made electronically wherever possible during the lockdown – this is safest for you
- You can pay tax at any Westpac branch; however, for those who are Clutha based, the local branch is not open during lockdown. Westpac South Dunedin (216 King Street) and Westpac Gore (36 Mersey Street) are branches that are open, but like all Westpac banks the hours are only between 10am and 1pm on Wednesdays.

If you cannot pay electronically please call us.

FAQ

- Do you have to show the wage subsidy on payslips? **We recommend that you do**
- Can I reduce employee pay to 80% automatically? **No, you need to have the agreement of your employees to alter their pay, this needs to be in writing.**
- Do the **wage subsidy** and **other leave** subsidies include GST? **No, they do not. A safe place to analyse these in Xero or MYOB is against your wage expense.**
- What about the **resurgence payment**? **Yes, it does include GST and it is best coded to sundry income.**

Interacting with Us

Our team is working from home and it is business as usual apart from conducting meetings 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.

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.