

covid-19 relief

TAX PAYMENT PENALTY AND INTEREST RELIEF

If you are now experiencing (or are now expecting to experience) some cashflow shortages and would like to spread this liability, some relief is available in the form of an interest free repayment arrangement with Inland Revenue.

You can either deal with the Revenue directly through the myIR portal or over the phone, or we can contact them on your behalf. To do this for you, we need to know the payment repayment terms you can afford and confirmation that COVID-19 is affecting your ability to pay.

<https://www.ird.govt.nz/managing-my-tax/debt-and-insolvency/apply-for-an-instalment-arrangement-in-myir>

WAGE SUBSIDY AND LEAVE PAYMENTS

There is a lot of publicity about the wage subsidy, available for a maximum of 12 weeks. Before you can apply for this you must have:

- contacted your bank, financial advisor or industry association to see if they can help you in any way

- be experiencing (or reasonably forecasting) a 30% drop in revenue at any time in the January to June 2020 period, compared with the same period of 2019. The decline must be in relation to COVID-19

- not have received business interruption insurance

If the requirements are not met or your situation changes you may be required to repay the wage subsidy. You can only apply once per business.

You may also apply for the leave payments on the basis that you or your staff are either sick with COVID-19 or self-isolating, and this will be available for the 8 week period from 17 March. You can apply for this subsidy more than once.

Regardless of the criteria that you are applying under as an employer, you must have received your employees permission in writing to provide their names and details in the application, and you must indicate that you will endeavour to keep your staff employed on a minimum 80% basis (of their normal pay) for the subsidy period.

If you need help with determining if your drop in revenue will meet the subsidy criteria, please give us a call. Where we have your transactional records via Xero, or are regularly completing your GST we are able to analyse this for you very quickly, otherwise we might need a bit more information from you.

Application link for self-employed:

https://services.workandincome.govt.nz/ess/trader_applications/new

Application link for employers:

https://services.workandincome.govt.nz/ess/employer_applications/new

OTHER TAX MEASURES ANNOUNCED

There are a range of other tax relief measures that have been proposed, including:

The hours test is being removed from the In-Work Tax Credit from 1 July 2020

The threshold for 2021 Provisional Tax has been increased to \$5,000, from \$2,500. For most taxpayers, this will affect the 28 August 2020 provisional payment onwards

Depreciation on building will be reintroduced for commercial and industrial buildings

Small asset write off deductions will be available for assets under \$5,000 for the 2021 tax year, then \$1,000 from the 2022 year onwards.