

COVID-19 Updated info on Government Financial assistance - Issue 4

<https://covid19.govt.nz/government-actions/financial-support/>

24th March 2020: The Government announces the removal of the \$150,000 cap, on the Wage Subsidy Scheme.

Previously employers could apply to get \$585.80 Gross per fulltime worker and \$350 Gross per parttime worker, and receive up to \$150,000. This meant large employers did not receive the subsidy for every employee – the maximum payout was \$150K Effective 24th March 2020 the Govt has removed the \$150K cap. Employers who already applied and received a payout from the Govt (per employee), they can now apply for the remaining staff (not included in the original claim).

The subsidy will be paid as a lump sum and covers 12 weeks per employee. You can only apply to the Govt once per employee.

27th March 2020: Government modifies scheme to better support workers not able to work during Level 4.

The Government has made modifications to the wage subsidy scheme to ensure people don't lose their jobs during the national lockdown.

The modifications focus on keeping businesses and workers connected during this unprecedented time. They apply from 4pm today, and include:

- Businesses accessing the scheme must still undertake best endeavours to pay employees 80% of their pre-COVID income. Where that is not possible – ie where a business has no activity whatsoever due to the shutdown and workers are not working any hours – they must pass on at least the whole value of the wage subsidy to each affected worker.
- Businesses must undertake to keep employees in employment for the period of the subsidy. This ensures businesses not able to operate **do not need to lay off staff**. Employees are not to be made redundant except through the normal process (which you can't do at the moment). The subsidy allows them to keep their workers on the books and pay them \$585.80, particularly during Alert Level 4. The Government does not want redundant people adding to the dole queues.
- The wage subsidy amounts remain unchanged and is \$585.80 a week for full-time workers (who worked 20 or more hours per week before COVID-19) and \$350 a week for part-time workers (fewer than 20 hours). It will continue to be paid out in a lump sum covering the 12 weeks, meaning a \$7,029.60 payment per full time worker.

Leave Payment:

From 3 pm on 27 March 2020, the COVID-19 Leave Payment is no longer available for employers. Applications already submitted will continue to be processed and paid.

The Government are folding the previous sick leave scheme into this scheme to prevent double-dipping. The original sick leave scheme was designed when few people were in self-isolation, and it is no longer fit for purpose. The Government are working on arrangements for those in essential work who require sick leave due to COVID-19.

Redundancy Support:

If you've lost your job or are a business faced with laying off your employees, there may be support options available to you.

Work and Income offer a range of information and support to employees who are being made redundant.

Find out more on the Work and Income website. There is also information for employers who are considering redundancies

<https://www.workandincome.govt.nz/>

Mortgage repayment holiday scheme:

New Zealand's retail banks are offering to defer repayments for all residential mortgages for up to 6 months for customers financially affected by COVID-19, so people don't lose their homes.

Mortgage repayment deferrals mean that affected customers who apply to their bank will not make principal and interest payments on their loans for up to 6 months. This package is in addition to what banks are already doing individually to provide assistance to affected customers.

Key details of this scheme:

- It's important to know that interest on these loans will still accrue, and deferred interest will be added to the principal amount of the loan.
- Banks will assess the suitability for each customer who is asking for a deferral.
- Banks will have different approaches to how they manage the process for customers to opt into a mortgage deferral. Those details, including eligibility criteria, will be available on bank websites.
- Customers should contact their bank for further details or queries about the scheme.

Protection for renters and tenants:

Support is available to ensure renters stay in their rental properties with a 6-month freeze on residential rent increases and the ability to terminate tenancies.

It's important tenants do not face the prospect of homelessness during this challenging time. This will also enable families and individuals to self-isolate, to stay home and maintain physical distancing, and support the public health of all people in New Zealand.

We recommend commercial tenants and landlords **check your leases** – if the lease has a clause which enables the tenant to cease paying if they do not have access to the building, it seems current conditions would activate this clause.

If you are a tenant, and have an older lease, you may consider asking for a rent reduction. Many commercial landlords are giving their tenants a rent holiday/discount on rent payments, to ensure the longevity of their tenant's business and ultimately their keeping their tenant post COVID-19. You will need to demonstrate to your landlord what steps you have taken for yourself; have you applied for and received the wage subsidy, if you have had a prosperous run, have you re-injected capital etc – and if you are a landlord, ask these questions of your tenant. We understand there is no obligation on landlords to reduce rent, but it will be a case by case situation.

The Ministry of Housing and Urban Development has more information.

<https://www.hud.govt.nz/>

28th March 2020: Repaying the Wage Subsidy

You need to repay some or all the COVID-19 Wage Subsidy if:

- you no longer meet the criteria for the subsidy
- you're not meeting your obligation to use the subsidy to retain and pay your employees
- you've received insurance (eg, business continuity insurance) for any costs covered by the subsidy
- you provided false or misleading information in your application.

You can check the obligations here:

[Obligations if you applied before 4pm on 27 March](https://www.workandincome.govt.nz/online-services/covid-19/wage-subsidy-declaration.html)

<https://www.workandincome.govt.nz/online-services/covid-19/wage-subsidy-declaration.html>

[Obligations if you applied on or after 4pm on 27 March](https://www.workandincome.govt.nz/online-services/covid-19/declaration-wage-subsidy.html)

<https://www.workandincome.govt.nz/online-services/covid-19/declaration-wage-subsidy.html>

You can also make a repayment if you think you need to pay back some or all of the COVID-19 Wage Subsidy. This could be because you were overpaid or made a mistake on your application.

1st April 2020: Business Finance Guarantee Scheme

The Government and the banks have agreed to implement a \$6.25 billion Business Finance Guarantee Scheme for small and medium-sized businesses, to protect jobs and support the economy through this unprecedented time.

The specific details of this initiative are being finalised and agreed urgently and banks will make these details public in the coming days.

Contact us if you need help with any of this and stay safe and stay well!

The Team at Miller Johnson

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