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Updates so far....

Financial Support!

Given these challenging times for businesses (whatever the size, large or small), it's no wonder owners have lots of questions and concerns. Information is regularly updated so it is difficult to keep on-top of the ever-fluctuating situation. So, keep your eye on Covid Today for all the latest news, updates, and Government recommendations to help guide you through these turbulent financial times.

Make sure that your business is not missing out on the financial assistance available - if your business is being impacted by the effects of Covid-19, then you're not alone and you need to act fast. Do not wait to seek financial support, this will only increase the business risk that you face and make it difficult to mitigate the effects.

The Government has introduced (and re-introduced) various support packages to assist business owners. It's important that you understand what these packages are and the difference between each.

Read below to see what financial assistance is available for businesses and for details on how and when to apply.



Initially announced in December 2020, modifications to the scheme were introduced under new legislation in February 2021. This was implemented following business community concerns about the Alert Level rises and the impact of cashflow (particularly those smaller businesses).

What else is available?

- Wage Subsidy
- Leave Support Scheme
- Short-Term Absence Payment



Resurgence Support Payment

What we know so far....

To start, this is not a financial loan that is to be repaid at some later date. Instead, this is a support package intended to provide financial support to those businesses that experience a reduction in revenue due to an Alert Level increase from Level 1. The change in Alert Level must be for 7 days or more (so does not cover the 3-day lockdown experienced in February 2021).

The application process is already up and running - you simply need a 'myIR' account to apply online. Business owners have until 22 March 2021 to submit an application, after this date the process is scheduled to close (subject to any further Level changes). To apply, you will need to log on to the IRD website (www.ird.govt.nz) using the 'myIR login' located at the top left-hand corner.

So, what financial payment can a business expect to receive? Well, this depends on the level of reduced income and the size of your workforce. The method for calculating the payment is exactly the same for all businesses and based on the **lesser** of:

- \$1,500 plus \$400 per full-time employee (up to a maximum of 50); or
- 4 x the actual drop in revenue

whichever is the lower amount.

For example, a sole trader can receive \$1,500 for the business plus a further \$400 for the fact it has one employee. A SME with 10 full time employees can receive \$1,500 for the business plus a further \$4,000 based on the 10 staff.

If you are unsure what payment your business may receive, there is a helpful 'Resurgence Support Calculator Tool' located at www.ird.govt.nz/covid-19/business-and-organisations/resurgence-support-payment. All you need to hand are the numbers of full and part time employees in your business - the 'tool' will calculate the rest.

Before submitting an application, you should consider whether your business is eligible for the payment - here are some criteria to be satisfied (see link for all criteria) ([Link](#)) before your application will be successful:

1. The decline in revenue must be at least 30% over a 7-day period sustained at the raised Alert Level (compared with a typical 7-day revenue period in the 6 weeks prior to the increase in Alert Level)
2. The business must be at least 6 months old (new start-ups will not be considered)
3. Applicants must be 18 years or over
4. Those businesses/organizations with a 'common ownership' must apply as 1 group (not individually) and the drop in revenue is measured across the group as a whole.

The resurgence support payment is not subject to income tax and GST registered businesses will be able to claim tax deductions on any expenditure funded by this payment. The payment is intended to cover wages and fixed costs.

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Wage Subsidy Payment

What we know so far...

The wage subsidy is intended to support those businesses that employ staff, and which are financially impacted by Covid-19. The Government introduced this scheme in the hopes that employers can retain jobs for as long as possible. Although the scheme has been implemented in previous Alert Level changes, it is yet to be officially activated (although activation is imminent).



At the moment, employers can ‘enquire’ about the wage subsidy payment for March 2021 via the ‘Work and Income’ website ([Link](#)). You are required to complete a brief online form providing a contact email address. You will then be sent an email update when the application process is set to open, together with further information about the scheme.

We will update you once further information is made available. For now, you should register your interest in the wage subsidy as soon as possible using the online form via Work and Income.

Resources

- Ministry of Social Development (www.msdc.govt.nz)
- Work and Income (www.workandincome.govt.nz)
- Inland Revenue (www.ird.govt.nz)
- Covid-19 Official Site (www.covid19.govt.nz)
- Employment NZ (www.employment.govt.nz)

Contact



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Leave Support Scheme

What we know so far...



This provides financial assistance for business that are paying wages for those workers (and self-employed) that need to remain away from the workplace but cannot work from home. For example, a worker is experiencing Covid-19 symptoms and is required to self-isolate (usually for a period of 14 days) but is unable to work remotely whilst in self-isolation. This situation is very frustrating for any business. Workers will need to be paid their wages, yet the employer is not receiving any productivity in return for those wages. So, this payment is specifically designed to help business owners meet its obligation to pay wages – it is intended for no other purpose.

Initially, the scheme was only applicable to those working in an ‘essential service’ but recent legislation changes have removed this strict criteria and now it applies industry wide.

To be eligible for the payment, a business owner must confirm that the business is operational in New Zealand; that it employs those workers named in the application; that those workers are not able to work from home; and that they have been directed to self-isolate (either for themselves or because they are a household member/close contact). If an application is successful, payments are paid as a 2-week lump sum for each eligible worker based on the following flat rates:

- \$585.80 p/w for full-timers working 20 or more hours each week
- \$350 p/w for part-timers working less than 20 hours per week

Also, for the period of the leave payment, a business is required to use ‘best endeavors’ to pay at least 80% of a workers ordinary wages (which includes full payment of the leave subsidy to the worker).

Short-Term Absence Payment

What we know so far...

This scheme is designed to support businesses if one of its workers are forced to self-isolate whilst waiting a Covid-19 test result. Those who have undergone a Covid-19 test are required to remain at home pending the test results. The scheme also provides support for a business if a worker is required to remain at home because they are a dependent, householder member or close contact of a person waiting a Covid-19 test result. The duration of self-isolation will depend on the length of time it takes for the test results to be returned – currently taking 5 working days (but could be longer in other geographical regions due to demand).

For a business to be eligible for the short-term absence payment, the worker must:

- * be unable to work from home;
- * be legally entitled to work in NZ; and
- * waiting a Covid-19 test result.

You cannot apply for the payment if the worker is displaying Covid-19 symptoms but has not undergone any routine testing (sick leave would apply in this instance); or the worker is currently overseas; or the worker is already staying in managed isolation facilities; or working for a state sector organization. In those situations, a business is not eligible to apply.

A business can submit an application for the payment any time up to 8 weeks after the worker has undergone the Covid-19 test via the ‘Work and Income’ website (www.workandincome.govt.nz/covid-19/short-term-absence-payment).

A successful application will enable a business to receive a one-off payment of \$350 per worker. To be clear though, you can only apply for the payment once for each eligible worker in any 30-day period, unless a health official specifically instructs that worker to undergo further testing.

