

COVID-19 Wages Subsidy

A Practical Guide

Eligibility checklist

- Available to New Zealand employers (including limited liability companies, registered charities, incorporated societies etc.), contractors / sole traders / the self-employed / partnerships etc.
- Your business must be registered and operating in New Zealand.
- Where claiming for employees, they must be legally working in New Zealand.
- Due to COVID-19, your business must have experienced, or predict to experience, a minimum 30% decline in revenue.
- Your business must have taken active steps to mitigate the impact of COVID-19.
- You must commit to making your best efforts to retain employees and pay them a minimum of 80% of their normal income for the subsidised period.

Practical steps



Are you eligible?

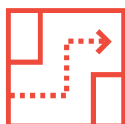
Calculate decline in revenue of 30% - do a comparison of current month vs. prior year (or current year for new businesses) – **save this calculation.**

Predicted revenue - what is this based on and are the assumptions reasonable ie. cancelled bookings, cancelled orders, being forced to close for 4 weeks.

Does the revenue decline directly relate to COVID-19?
Document this.

Can you make best efforts to retain staff over a 12 week period? Prepare a cashflow forecast - for the 12 week subsidy period at a minimum. Consider dropping wages to 80%.

Take active steps to mitigate the impact of COVID-19: Call or email your bank, advisor, industry association – **document this.**



Things to consider

The size of your workforce

What level of wages can your business afford to maintain. Can you maintain the 80%?

Communicate to employees that you will apply for the wages subsidy. Whilst employee consent is no longer required since the national emergency was declared, it is recommended that you notify employees.

Taking active steps to mitigate the risk of COVID-19 doesn't stop here - continue to document the steps as you work through them.

Consider legal requirements

You don't need evidence to apply online, but be aware you might be audited. We recommend documenting all the evidence before applying.

When making decisions and renegotiating wages are you acting in good-faith?



Apply online

Logon & apply online

What you need to apply:

- Business IRD Number
- IR Customer Name
- NZ Business Number (NZBN)
- Business Address
- Contact Name
- Contact Email
- Contact Mobile
- Bank Account number
- Employee details: First & Last name, date of birth, IRD number, employment status fulltime/parttime

Before you click submit, print a copy.

For large employers, file upload is available. Alternatively consider using the PwC BOT service.



I have applied – what now?

The government is aiming to have the funds to you in 5 days.

You will get a text and email once the payment is made.

You will receive the payment in one lump sum.

You need to continue to pay your payroll to the employees you applied for the subsidy for. You should have recalculated wages already (if you are dropping to 80%), on-pay this new amount to employees.

Continue to update your cashflow on a weekly basis at a minimum. Cashflow is key!

Ensure you have documented your approach to claiming the subsidy.



Remember

You need to continue to file your PAYE returns as normal. However, there are options for tax payment flexibility if discussed with Inland Revenue.

You may be audited, and if you provide false or misleading information, you may be investigated for fraud.

You need to notify the government if circumstances change that affect your eligibility.

You will have to repay any amount to which you are not entitled.

Consider whether an independent sign off by PwC on the validity of your claim would be of value.

Useful links

[Wage Subsidy Online Form](#)

[Government wage subsidy information](#)

[Large Employers \(100+ employees\) – wages subsidy CSV upload form](#)

[Wage subsidy declaration](#)

[Frequently asked questions](#)

[Privacy & personal information](#)

Contact us

Please connect with us if you would like help with templates or any other support.

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Guiding principles and how we can help

Wage Subsidy support was introduced rapidly in response to the COVID-19 Alert Levels 3 and 4. With no legislative framework underpinning the scheme it is important that employers understand the core principles to guide their decision making.

Those guiding principles are that claimants:

- Apply their “best efforts” to ensure employees retain their employment.
- Provide accurate information to support a valid claim.
- Ensure that if circumstances change and they cease to be eligible in full or in part, that this is communicated with MSD.
- Commit to pay employees at least 80% of their normal salary and wages where possible.
- Act in good faith with their employees.

The key rationale for this initiative is that the Government wants to support businesses and provide job security to employees through this unprecedented time.

We can assist with:

- Your wage subsidy application
- Employee communication protocols
- Providing an independent sign-off for your claim
- Planning for the future

