



FACTSHEET

Wage subsidies are available for businesses significantly impacted by COVID-19. Most of you will have applied for this already, but it's not too late for those of you who haven't.

The subsidy is for 12 weeks and is:

- \$585.80 per week for a full-time employee (20 hours or more)
- \$350.00 per week for a part-time employee (less than 20 hours).

The payment is made as a lump sum to the employer - \$7,029.60 for each full-time employee and \$4,200 for each part-time employee you have applied for.

To qualify for the subsidy, your business must have:

- **30 % decline in revenue:** If you have a 30% decline in revenue (actual or predicted) that is related to COVID-19 for any four weeks between 01 January and 09 June 2020 compared to the year before, this will apply to you. Given that we are in lockdown, the majority of business will be experiencing this decline.
- **Steps to mitigate impact of Covid 19:** Including but not limited to engaging with your bank, drawing on your cash reserves as appropriate and making an insurance claim.
- **Retain employees for the 12 week period:** Employers must agree that, for the duration of the subsidy, they will make best efforts to retain those employees for which the subsidy is paid. Employers must also:
 - Make best endeavours to pay staff at least 80% of their usual wages; if that isn't possible, to pay at least the rate of the subsidy that applies to that employee. This applies even if all business activity has ceased.
 - If the employee's usual wages are lower than the rate of the subsidy, continue paying that lower amount for the duration of the subsidy.
 - Employees with fluctuating hours, use an average over the past 12 months, or if less than 12 months use for the term of employment.
- **Be physically located in New Zealand:** Companies must be registered with the NZ Companies office and employees must be legally working in New Zealand.

Please keep in mind:

You need your employees' consent. Businesses must discuss with their employees and gain their consent (in writing, if applicable) to sharing their personal information with the Ministry of Social Development. Details required to be shared will include name, date of birth, IRD number and employment type (whether they are full-time or part-time).

You must repay the subsidy (in whole or part) if you receive business interruption insurance for any costs covered by the subsidy.

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Payments you make to your employees should be on their normal pay cycle with deductions for PAYE and Kiwisaver being made. Lump sum payments to employees should not be made to ensure that there are no implications on the employees for example working for families, student loans etc.

The wage subsidy is excluded income to businesses and GST exempt. Businesses do not get a deduction for income tax purposes.

Employment Law still stands, so all Employers receiving the wage subsidy need to be having conversations with their staff to ensure that all parties are being treated fairly. These discussions need to be documented. It is important that any employment issues or complications are discussed with a lawyer if necessary.

Leave Payment initially announced was withdrawn when Alert level 4 was reached, this was to stop any potential double dipping occurring.

For further information, please visit the below links:

- Work and Income at <https://workandincome.govt.nz/online-services/covid-19/declaration-wage-subsidy.html>
- Government website at <https://covid19.govt.nz/>.

Alternatively, please do not hesitate to contact CMK directly and we will try our best to answer any questions you may have.