



Inland Revenue  
Te Tari Taake

# Supporting Kiwis and businesses through COVID-19

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# Format for today

- Temporary loss carry-back scheme
- Small business cashflow (loan) scheme
- Wage subsidy
- Remission of Use of Money Interest (UOMI)
- New discretion to vary requirement
- Other relief available
- Information for employers
- What we need your help with
- Q&A



# IR response during COVID-19

- Inland Revenue's team of 6,000 worked from their kitchens and home offices for the 12 weeks of L4 lockdown.
- Over 350,000 calls were answered and 86,000 myIR contacts responded to.
- Specialised response team for calls relating to COVID-19 initiatives.
- Transformation of the core tax system continued with Release 4 go-live over Easter weekend.
- \$345 million in tax refunds put back into the economy.
- Policy and Operations delivered a range of COVID-19 relief initiatives, including the small business loan scheme, loss carry-back, UOMI, and wage subsidy support – and quickly.



**95,900+**

Over 81,900 SBCS loan applications received

**94.2%**

Around 95.7% of SBCS applications approved

**\$1.5B**

Over \$1.3 billion has been paid out to New Zealand businesses

**\$104M**

LCBS disbursements total over \$104 million

**436,000**

Over 436,000 contacts from customers

**78%**

Over three-quarters of contacts over this period were from micro, small and medium businesses



# Small Business Cashflow (Loan) Scheme



- A one-off loan for small to medium businesses or organisations (including sole traders) that have been adversely affected by COVID-19
- Includes a loan amount of \$10,000 plus \$1,800 per full-time employee, to a maximum of \$100,000
- Has a five-year (60 month) term and must be repaid by 31 July 2025
- Loans will be subject to an annual interest rate of 3% from the date they are provided. Loans repaid in full in 1 year won't be charged any interest.
- Applications extended to 31 December 2020

# Small Business Cashflow (Loan) Scheme



- To be eligible, business must:
  - Have existed before 1 April 2020
  - Have 50 or fewer full-time-equivalent employees
  - Be eligible for the Wage Subsidy Scheme
  - Have a sound plan to be viable and ongoing and hold information on file to verify this.
- Funds received within 5 days of your application being received
- Full information including how to apply can be found at [IRD.govt.nz/covid-19](https://IRD.govt.nz/covid-19)

95,900

New Zealand  
businesses have applied  
for the scheme

\$1.5 billion

has been paid out to  
New Zealand  
businesses

# Temporary loss carry-back scheme

- Introduced to support businesses expecting to make a loss in either 2020 or 2021.
- Businesses can carry the loss back one year to the preceding income year.
- There are two ways to do this:
  1. Include the carried back loss in your tax return – we will automatically refund any overpaid tax.
  2. Ask for a refund of any provisional tax you have paid for 2020 if you are going to carry back a loss from 2021.
- IR can refund some or all of the tax already paid for the preceding year before the loss year has finished.





# Temporary loss carry-back scheme

- To be eligible, businesses need to have made a profit and paid tax in the year before the loss was made.
- Full information on eligibility criteria and potential impacts on other obligations can be found at [IRD.govt.nz/covid-19](https://IRD.govt.nz/covid-19)

2000

Around 2000  
businesses have  
received disbursements  
through the LCBS

\$104 million

LCBS disbursements  
total over \$104 million





# Wage subsidy (MSD)

- More than 1.6 million jobs have been supported by the government's wage subsidy (\$11 billion)
- Businesses impacted by COVID-19 may be eligible to help cover employee wages.
- The wage subsidy extension is available to support employers who are still significantly impacted by COVID-19.
- It is administered by the Ministry of Social Development (MSD).
- The wage subsidy should be passed onto and processed as part of the employee's normal wages.
- IR, MBIE, MSD working together to identify and respond to any potentially fraudulent activity.

For more information:  
[workandincome.govt.nz/covid-19](https://workandincome.govt.nz/covid-19)

# Remission of interest

- Applies only to customers who have been significantly affected by COVID-19.
- Inland Revenue can remit interest on late payment(s) if the customer's ability to make payment was significantly affected by COVID-19.
- Applies to tax payments due on or after 14 Feb 2020 and will apply until 25 March 2022.
- Relief for provisional tax payers will depend on a range of factors.
- Customers who can pay their taxes on time must continue to do so.



# New discretion to vary requirement

- Inland Revenue now has discretion to vary a requirement when it would be impossible, impractical or unreasonable to comply as a consequence of COVID-19.
- Applies from 17 March 2020 to 30 September 2021.
- This means we can extend:
  - A due date
  - Deadline
  - Time period
- We may also be able to modify a procedural or administrative requirement, such as the way something must be done.
- As a variation will be favourable to customers, it will automatically be applied to all relevant customers.



# New discretion to vary requirement

- The five published to date are:
  - COV 20/01: Variation to extend time to make a LTC (look through company) election
  - COV 20/02: Variation to extend to make an election to spread back forestry income.
  - COV 20/03: Variation to extend time to make an application to change GST taxable period
  - COV 20/04: Variation to extend time for writing off bad debts
  - COV 20/05 Variation to extend time for tax pooling transfers
- COV 20/5 means customers can use tax pooling to satisfy their provisional or terminal tax for 2019 up to 365 days after the customers terminal tax date.
- If you have ideas for other variations, email: [triage-cirvariation@ird.govt.nz](mailto:triage-cirvariation@ird.govt.nz)

# Other relief available for business impacted by COVID-19



## **Business debt hibernation**

Option to place existing debts into hibernation for up to 7 months



## **Provisional tax threshold change**

Permanent threshold increase from \$2,500 to \$5,000



## **Income equalisation changes**

Early refunds to support our impacted primary sector customers



## **Income relief payment**

Support payments for people who lose their jobs due to COVID-19 (MSD)



## **Options to manage debt**

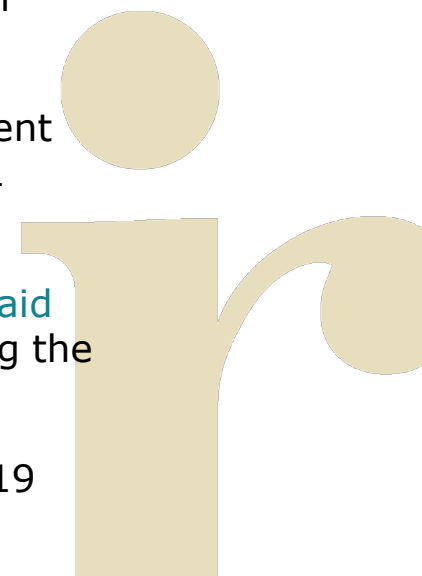
New instalment arrangements for deferred start dates and partial write-off



# Support for families and individuals

Urgent legislative change has been made to support families and individual.

- Allowing families who could not return to New Zealand to continue receiving [Working for Families](#) support
- Ensuring emergency benefit recipients on a temporary visa can qualify for [Working for Families](#) in the same way as other beneficiaries.
- Removing hours test for [IWTC](#) to increase eligibility for families with variable work hours (from 1 July 2020).
- Introducing grace periods for [IWTC](#) to ensure continuation of payment when families have short periods of no employment income (from 1 April 2021).
- Supporting legislative change to ensure that essential workers on [Paid Parental Leave](#) (PPL) could return to work temporarily without losing the remainder of their PPL entitlement (MBIE).
- Getting involved in: Wage Subsidy Scheme, Leave Scheme, Covid-19 Income Relief Payment, and increases to benefit payments.



# From Response to Recovery

- IRD is focused on three phases of activity to support New Zealand and New Zealanders.
- Within this plan there are three buckets of activities: Core + COVID + Discretionary initiatives

## Phase 1: Respond

Implementing changes to the tax and welfare systems to deliver income support and relief to affected businesses and workers.

## Phase 2: Recover

Supporting businesses and individuals as they recover and rest in a post COVID environment.

## Phase 3: Rebuild

Long-term sustainability and maintaining and integrity in the tax base.