

FAQs

for businesses impacted by COVID-19

During this uncertain time, we have put together a list of FAQs for businesses impacted by COVID-19. These FAQs are around employment and business, for any health –related questions please refer to the Ministry of Health.

Information on government support is [here](#).

The Ministry of Social Development Fact Sheet on the Wage Subsidy and Leave Payment is [here](#).

Application for the government Wage Subsidy and Leave Payment is [here](#).

Wage Subsidy and Leave Payment

Are those at risk, but under 70 with health conditions, covered by the leave payment?

The Wage Subsidy is to support employers to keep their staff employed while they consider changes that may be needed while the disruption continues, and to ensure the future viability of their business. If someone is required to self-isolate and cannot work from home (provided they meet the other eligibility criteria), then the employer can apply for the COVID-19 Leave Payment.

Are Wage Subsidy and Leave Payment payments subject to tax?

Advice from IRD regarding tax:
a. The COVID-19 Wage Subsidy is not subject to GST and is not taxable. However, the

payment of a person's normal wages through the use of the Subsidy is subject to the usual PAYE, Student Loan, Kiwisaver deductions, etc.
b. The COVID-19 Leave Payment for self-isolation is not subject to GST, but is paid to replace taxable income, so is subject to tax.

Should I receive email confirmation when applying for the government Wage Subsidy and Leave Payment?

No, you will receive an email about the outcome/ details of your application once it has been processed however.

Can you do multiple applications for the same employee as the situation changes for the Wage Subsidy and Leave Payment?

Each business can only apply once for the Wage Subsidy. The Leave Payment can be accessed on an 'as needed' basis.

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If an employee has sufficient annual or sick leave entitlements to cover the time off, can they also receive the subsidy on top of receiving that entitlement?

You and your employee can agree to use any form of paid leave (e.g. annual leave) to cover their period of self-isolation. However, employees aren't required to have used any or all their paid leave entitlements before they can receive this payment.

Do the subsidies cover staff who are at risk but the nature of their work means they cannot work from home?

To Qualify for leave payment employees need to be legally working in New Zealand and they need to self isolate in line with Ministry of Health Guidelines and have registered (by calling) as needing to self-isolate with Healthline, cannot work from home and their self-isolation is not because they left NZ since the travel restrictions on 16 March 2020 and have since returned.

I don't meet the criteria, what can I do?

If you clearly don't meet the criteria, then we recommend seeking advice from business partners (the bank, financial services, mentors etc) or from the Regional Business Partner programme. To contact the EMA on this, email myvoice@ema.co.nz. Apply anyway, as MSD want to help.

How does the Wage Subsidy work with contractors?

Please refer to the Ministry of Social Development Fact Sheet on the Wage Subsidy and Leave Payments [here](#).

We have been told that the subsidies incur PAYE tax, would all wage implications apply? eg: KiwiSaver, student loan repayments, child support, whether it would be included in gross earnings when employers go to calculate annual holidays.

Yes. In the hands of an employee the subsidy is wages and attracts on all normal obligations and deductions unless these are specifically altered by the government. This is a subsidy scheme to help employers pay wages – it doesn't change any wage implications unless other policy has been altered.

How does the Wage Subsidy work for contractors?

Same as for businesses, actual or projected losses meet the threshold criteria. Applications to MSD same as for businesses. Contractors can apply as self-employed and are required to meet the criteria. Businesses should not be seeking the wage subsidy for contractors.

If I apply for the leave payment for staff in isolation, does their annual leave accrue

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as per their normal full time pay rates or will they be reduced for the lower payment value?

Their leave accrues at the normal rate.

How does the 150k limit work?

The 150k limit previously released has been removed. There is no cap for how many payments a business can receive through this scheme.

How do I apply for the Wage Subsidy and Leave Payment?

Application for the government Wage Subsidy and Leave Payment is [here](#).

Receiving the subsidy on top of leave entitlements?

The subsidy is for business to use towards paying their staff. Staff leave accrues or is used as normal.

We are a small high growth company, how does the revenue reduction based on last year impact our year's growth and ability to apply now?

The package does not distinguish between low and high growth businesses. There is a capped lump sum based on a single rate.

Businesses can use actual or forecast revenue to determine their 30% loss of income attributable to COVID-19 (they should retain a record of how they have determined this in the event of future auditing).

Can Non-profits/incorporated societies can claim the Wage and Leave Subsidy?

Charities and not for profits can apply for the scheme if they are an employer, are registered in New Zealand (business IRD number, GST registered, NZBN, or Companies office), and have an income loss of 30% attributable to COVID-19.

When will leave payments be made?

The government endeavours to pay within 5 days of application, however it depends on the evidence provided.

What is the criteria for leave payments?

Please refer to the Ministry of Social Development Fact Sheet on the Wage Subsidy and Leave Payments [here](#).

Essential Services

What are considered essential services?

The Wage Subsidy is available for all employers,

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contractors, sole traders or self-employed individuals who meet the [qualification criteria on the website](#). There is no criteria for these subsidies related to 'essential services'. The definition of essential services as per the Government's latest announcement is [here](#). A call centre number that people can ring for more information is coming.

Immigration

If I have crucial staff stuck overseas who are on a work visa, so not a Permanent resident or citizen, what can I do to get them back in the country?

The current temporary border measures: The Government has further strengthened border travel restrictions, closing our border to almost all travellers from 23.59 on Thursday 19 March 2020.

Exceptions can be made on a case-by-case basis by Immigration New Zealand for:

- humanitarian reasons
- health and other essential workers
- citizens of Samoa and Tonga for essential travel to New Zealand
- the holder of a visitor visa who is the partner or dependent of a temporary work or student visa holder and who normally lives in New Zealand.

No other foreign traveller can enter New Zealand.

Other

Should I have to consider redundancy and restructure, or fairly reducing work hours for staff, what advice is available?

The EMA have legal and consultancy services that can help with this process- this gets funneled through [Adviceline on \(NZ\) 0800 300 362 or \(AU\) 1800 300 362](#) or email advice@ema.co.nz. Adviceline is very busy so wait time may be longer than usual. For EMA members, we have a document called 'Restructuring & Redundancy' on the [EMA website](#).

Is there any support available for those on working holiday visas?

The Subsidy is available for employees 'legally working in New Zealand'. This includes people who have a New Zealand work visa or a condition on their New Zealand temporary visa that allows them to work in New Zealand.

How do I manage my staff working from home?

The EMA has a helpful policy on working from home, when it's possible. Please find it on the EMA webpage [here](#).

If a business is looking at possibly having to

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restructure to reduce staff levels because of a downturn in business, what obligation does the business have to ask staff to use up annual leave first before going down the possible restructure/redundancy pathway?

An employer can't force an employee to take leave, however a discussion with employees-particularly if they know that redundancies are likely or being considered, is recommended.
