

WAGE SUBSIDY

As part of the COVID-19 Economic Package, the Government has put together a Wage Subsidy to support your business if you are impacted by the virus and face laying off staff or reducing their hours.

Who can get it

If you're an employer, contractor, sole trader or self-employed, you may qualify for the COVID-19 wage subsidy.

To qualify:

Your business must be registered and operating in New Zealand

- Your employees must be legally working in New Zealand.
- The business must have experienced a minimum 30% decline in actual or predicted revenue in any month between January 2020 and June 2020 when compared with the same month last year, and that decline is related to COVID-19.
- Your business must have taken active steps to mitigate the impact of COVID-19. This could include activating a business continuity plan and seeking advice and support from the bank, Chamber of Commerce, relevant industry association, or Regional Business Partner programme.
- You must make best efforts to retain employees and pay them a minimum of 80% of their normal income for the subsidised period.

How much you can get

The COVID-19 Wage Subsidy will be paid at a flat rate of:

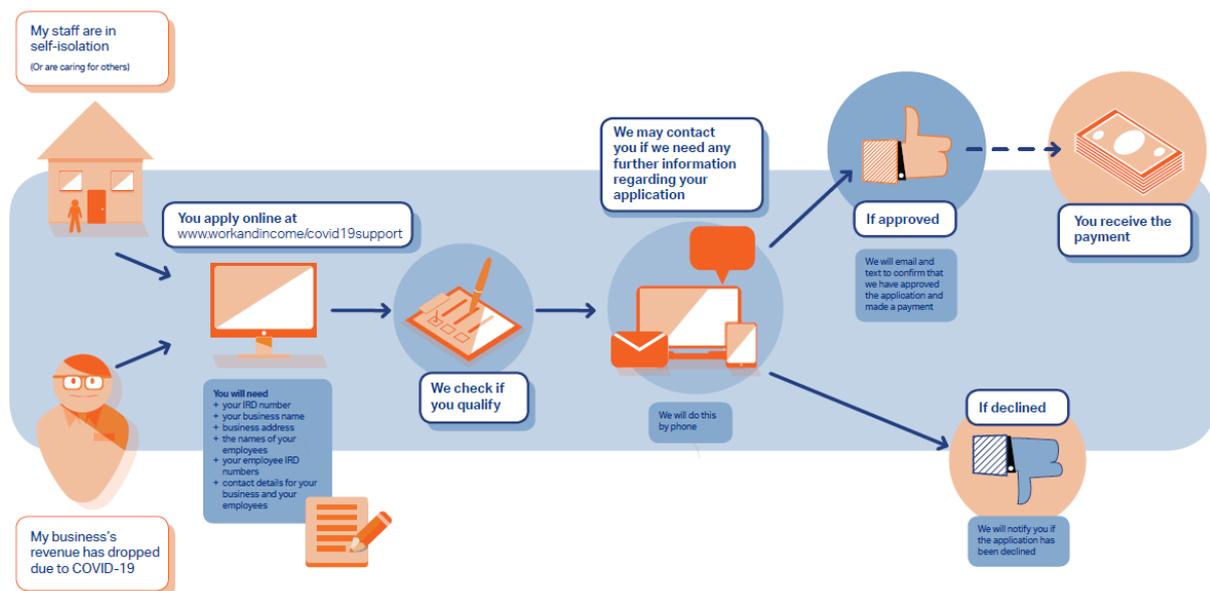
- \$585.80 for people working 20 hours or more per week, or
- \$350.00 for people working less than 20 hours per week.

The subsidy is paid as a lump sum and covers 12 weeks per employee.

This subsidy is for wages only. It is to help you keep your staff employed while you consider changes that may be needed while the disruption continues, and to ensure the future viability of your business.

The maximum subsidy that can be paid to a business is \$150,000. Businesses can only get this subsidy once.

Application Process



You can apply online and you will need:

- Your business IRD number
- Your business name
- Business address

- Your New Zealand Business Number (NZBN)
- The names of your employees
- Your employee IRD numbers
- Contact details for your business and your employees.

The Work and Income Department will check if you qualify.

They will make contact via a phone call if they need further information regarding the application.

If it is approved, they will email and text to confirm that they have approved the application and made a payment.

If it is declined, they will notify you.

Before applying, you will need to discuss the application with the named employees, who consent to the information in the application being provided to Ministry of Social Development (MSD) and being used by MSD, shared with other agencies, to make decisions about the application, and to review and audit any subsidy granted.

The application form can be found in the following link:

https://services.workandincome.govt.nz/ess/employer_applications/new

Example 1

ABC Limited is a NZ registered business in the travel industry.

It has 4 employees, 3 working more than 20 hours a week and 1 working less than 20 hours a week, all legally working in NZ.

As a result of the COVID-19 virus, the turnover for the last two months has dropped significantly. For January 2020, the turnover for the business was \$20,000 and for February 2020, the turnover was \$15,000. Comparatively, the turnover for the business for the same period last year was \$30,000 in January 2019 and \$35,000 in February 2019. Turnover for January 2020 dropped by 34% and for February 2020, the decrease was 57%.

Despite the decrease in turnover, the business still retained its employees, paying out the employees' normal income.

The business has sought advice and support from its bank and the bank has allowed a loan repayment holiday for the next two months.

Thus, ABC Limited qualifies for the Wage Subsidy. As a result, the business receives a lump sum payment of \$25,288.80, (3 employees x \$585.80 per week x 12 weeks plus 1 employee x \$350 per week x 12 weeks).

Example 2

DEF Limited is a NZ registered business in the forestry industry.

It currently has 25 employees, 22 working more than 20 hours a week and 3 working less than 20 hours a week, all legally working in NZ.

As a result of the COVID-19 virus impact on logging exports, the turnover for the last month has dropped significantly compared to previous year. For February 2020, the turnover for the business was \$2,500,000. In comparison, the turnover for the business in February 2019 was \$4,500,000, a drop of 44%.

Despite the decrease in turnover, the business still retained its employees, paying out the employees' normal income.

The business has sought advice and support from its bank and the bank has agreed not to charge interest on business loans for the next twelve weeks.

Thus, DEF Limited qualifies for Wage Subsidy. As a result, the business receives a lump sum payment of \$150,000, being the maximum subsidy that can be paid to a business.

Example 3

GHI Limited is a NZ registered business in the cafe industry.

It has 4 employees, 3 working more than 20 hours a week and 1 working less than 20 hours a week, all legally working in NZ.

As a result of the COVID-19 virus, the turnover for the last two months has dropped. For January 2020, the turnover for the business was \$28,000 and for February 2020, the turnover was \$30,000. Comparatively, the turnover for the business for the same period last year was \$30,000 in January 2019 and \$31,000 in February 2019. Turnover for January 2020 dropped by 7% and for February 2020, the decrease was 3%.

DEF Limited does not qualify for Wage Subsidy as the business did not experience a 30% decline in turnover.