

COVID-19 financial subsidies and support

A return to Alert Level 4 has led to a renewal of the financial support available to businesses.

The return of the wage subsidy sees an increase to the amount available but also increased obligations on employers including specific obligations to repay the subsidy if predicted revenue declines do not eventuate.

Wage Subsidy – August 2021

Applications for the Wage Subsidy are available from 20 August 2021 and will be open for two weeks.

The Wage Subsidy will be paid as a two week lump sum payment at the rate of \$600 a week for each full-time employee retained (20 hours a week or more) and \$359 a week for each part-time employee retained (less than 20 hours a week).

To apply you must complete a declaration that:

- You operate a business in New Zealand that employs and pays the employees named in your application;
- Each named employee is legally employed and has not been given notice of redundancy;
- Your business has had, or is predicted to have, at least a 40% decline in revenue attributable to the move to Alert Level 4;
- You have taken active steps to mitigate the impact of the move to Alert Level 4 on your business; and
- You are not receiving a payment under the COVID-19 Wage Subsidy August 2021 scheme, the COVID-19 Short-term Absence Payment, COVID-19 Leave Support schemes or COVID-19 Essential Workers Support Scheme in respect of any of the named employees.

The drop in revenue will be assessed in comparison to a typical 14-day consecutive period of revenue in the six weeks immediately prior to the move to Alert Level 4 on 17 August 2021. If you can demonstrate that due to the highly seasonal nature of your business this comparison period is not appropriate then you can compare your revenue to the same 14 consecutive days in 2020 or 2019.

You must prepare and retain evidence to support the declaration.

It is important to remember that Alert Level 4 and the granting of the wage subsidy do not override your existing obligations under employment law. By completing the declaration you acknowledge your obligation to:

- not make any changes to your obligations under any employment agreement, including to rates of pay, hours of work and leave entitlements, without the written agreement of the relevant employee;
- not unlawfully compel or require any of the named employees to use their leave entitlements for the period you receive the subsidy in respect of those employees;
- retain the named employees;
- use the subsidy to support paying the ordinary wages and salary of named employees and meet your obligations in relation to the subsidy;
- repay any amount of the subsidy that is not required for these purposes and that cannot be used to support paying and retaining other affected staff;
- use your best endeavours to pay at least 80 per cent of each named employee's ordinary wages or salary;
- pay at least the full amount of the subsidy to each named employee (except where the ordinary wages or salary of a named employee as at 16

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August 2021 is lawfully below the amount of the subsidy); and

- notify the Ministry of Social Development within 5 working days if anything changes that may affect your eligibility or entitlement to the subsidy, including if any of the named employees end their employment relationship with you.

The declaration makes it clear that you must repay the subsidy in the event you fail to meet your obligations. This includes situations where you were not eligible, or stop being eligible, for the subsidy (including where you incorrectly predict you will meet the revenue decline test). You must also repay the subsidy where you provide false or misleading information in your application or receive insurance for any costs covered by the subsidy.

Accordingly, it is important to make sure you provide accurate information and where your application is based on a predicted drop in revenue you make sure you have sufficient funds to repay the subsidy in the event the predicted drop in revenue does not occur.

You can access information about the Wage Subsidy [here](#) and the declaration [here](#).

Resurgence Support Payment (RSP)

The RSP is a payment to help support viable and ongoing businesses or organisations due to a COVID-19 alert level increase. The RSP is provided to help cover business expenses such as wages and fixed costs.

When the RSP is activated, eligible businesses and organisations can apply to receive the lesser of:

- \$1,500 plus \$400 per full-time equivalent (FTE) employee, up to a maximum of 50 FTEs; or
- four times (4x) the actual revenue decline experienced by the applicant.

Applications for the alert level increase announced on 17 August will open at 8am on 24 August 2021. Receiving any other Government COVID-19 support does not affect eligibility for the RSP.

To be eligible for an RSP payment you must have experienced at least a 30% drop in revenue or a 30% decline in capital-raising ability over a 7-day period, due to the increased COVID-19 alert level (where your business is part of a commonly owned group this 30% decrease also needs to be satisfied across the group as a whole).

This decrease in revenue or capital-raising ability is compared with a typical 7-day revenue period in the 6 weeks prior to the increase from alert level 1. Income that is received passively is excluded from the measurement of revenue. This includes interest, dividends and all forms of residential and commercial rent.

Your business must also:

- have been in operation for at least 6 months;
- be considered viable and ongoing;
- be physically present in New Zealand; and
- have a New Zealand business number.

Charities and not-for-profit organisations may be entitled to the RSP, provided they meet the other eligibility requirements.

Find out more about your eligibility [here](#).

Other subsidies and support

In addition to the Wage Subsidy and RSP the government is offering a number of ongoing subsidies and financial support measures.

These include:

- Short-Term Absence Payment, a one-off payment of \$350 for workers who are waiting for COVID-19 test results and cannot work from home. From 24

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August 2021, this payment is increasing to \$359 for each eligible worker. More information available [here](#).

- The Leave Support Scheme which is available for employers, including self-employed people, to help pay their employees who need to self-isolate and can't work from home. Information about eligibility for this scheme can be found [here](#).
- Small Business Cash Flow Loan Scheme, the Government will provide loans to small businesses, including sole traders and the self-employed, impacted by COVID-19 to support their cash flow needs. [Applications](#) are open until 31 December 2023.
- [Business Debt Hibernation](#) allows businesses disrupted by COVID-19 to get a month's protection while they talk to their creditors. During this period, most creditors can't take legal action to enforce their debts, for example, applying for your business to be liquidated. If your creditors agree, you can get a further 6 months' protection.

Links to relevant websites

[Wage Subsidy](#)

[Resurgence Support Payment](#)

[Short term Absence Payment](#)

[Leave Support Scheme](#)

[Small Business Cash Flow Loan Scheme](#)

[Business Debt Hibernation](#)

Want to know more?

If you have any questions about your eligibility for any of the subsidies or financial support discussed in this article, please contact our specialist [Employment Team](#).