

Wage Subsidy Extension

As part of the Government's budget announcement on 14 May 2020, the COVID-19 wage subsidy was extended.

Around half of all working-age New Zealanders received the original wage subsidy. The Government estimates that some 230,000 businesses will be eligible for the extension.

The new scheme commenced on 10 June 2020 but businesses who applied for the original scheme will only be able to apply for the extension once the 12 weeks of the initial scheme has ended. Businesses who didn't apply for the original subsidy can apply for the extension.

There are a couple of key differences between the two schemes.

- The new scheme is for a shorter period of eight weeks. The payment rates are the same (\$585.80 for full-timers, \$350 for part-timers);
- The original scheme was available to businesses who could show a 30% decline in revenue as a result of COVID-19. Under the extension, businesses must have experienced a minimum 40% decline in revenue due to COVID-19, for a consecutive 30 day period in comparison to the same period last year (or a reasonably equivalent period for high growth businesses or those operating for less than a year);

The 30 day period needs to be in the 40 days prior to the application, but no earlier than 10 May 2020. For example, if you apply on 29 June 2020 your 40% decline in revenue must be for a continuous 30 day period between 19 May and 28 June 2020. (The 40% decline was amended from an original requirement of a 50% decline for the extended scheme);

There is no longer an ability for businesses to predict revenue loss like there was under the previous scheme – revenue loss must be actual. The exception is for pre-revenue research and development start-up businesses, who are eligible if they can show a drop in projected capital income.

The obligations to mitigate financial impacts, to retain employees for the subsidy period and to use best efforts to pay staff at least 80% of their normal pay still apply.

The full declaration can be found [here](#).

Want to know more?

If you have any questions about the wage subsidy extension, please contact our specialist [Employment Team](#).