

Government support for small to medium-sized businesses

The Government has announced a range of relief measures for small and medium-sized enterprises (SMEs) during the Covid-19 pandemic. The measures include:

- **Flexibility for taxpayers in respect of statutory tax deadlines.** Inland Revenue will write-off any penalties and interest for businesses unable to pay taxes on time due to the impact of Covid-19. Get in touch with IRD when you can.
- **Changes to the tax loss continuity rules.** Currently, if a company has more than a 51% change in ownership it cannot keep its tax losses. The introduction of a 'same or similar business' test, means a business could carry forward losses. To meet the test, the business must continue in the same or a similar way it did before ownership changed. This test is modelled on Australia's rules.
- **A tax loss carry-back scheme.** Businesses expecting to make a loss in either the 2019/20 year or the 2020/21 year would be able to estimate the loss and use it to offset profits in the past year. In other words, they could carry the loss back one year. This change means IRD could refund some or all the tax already paid for the year firms were in profit. It means firms could cash out all or some of their losses in 2019/20 or 2020/21.
- **Business consultancy support.** Support for access to established services including the Regional Business Partner Network and the helplines run by the Employers and Manufacturers Association and Canterbury Chamber of Commerce. Free specialist support (up to \$2000) being offered for business with 50 full time employees or less under the Covid-19 Advisory Fund. This covers areas such as business continuity planning, finance and cash flow management, HR and staffing issues, etc, and will provide support over the next 12 months. Registration is by online application with a Regional Provider via RBPN: https://www.regionalbusinesspartners.co.nz/?fbclid=IwAR02eKYuFORuObz75NNELYUxeIndHBhzktYf6RnGX-dAcW5Tn-S9Cnu7k_Q#contact or

Business Central: <https://www.businesscentral.org.nz/> or phone 0800 800 362 (lower North Island and Marlborough)

Otago Southland Employers Association: <https://www.osea.org.nz/> or phone 0508 656 757 (Otago & Southland)

- **Government Business Finance Guarantee Scheme.** Government and banks are implementing a \$6.25 billion business finance guarantee scheme for small and medium-sized businesses, to protect jobs and support the economy. The Crown, in partnership with participating approved banks, will support targeted new loans (including increases to existing limits) to eligible businesses (annual revenue of \$250,000 to \$80 million), as a response to difficulties caused by Covid-19. <https://www.business.govt.nz/Covid-19/business-finance-support-and-mortgage-holidays/#e-20794>
- **Previously announced support**
 - **Mortgage 'Holiday'.** The package will include a six month principal and interest payment holiday for mortgage holders and SME customers whose incomes have been affected by the economic disruption from Covid-19.
 - **Low-value asset depreciation.** The Government has recently passed legislation that temporarily increases the low-value asset threshold for depreciation from \$500 to \$5,000. This will allow you to deduct the full cost of your business assets with a value of less than \$5,000 in the year they purchased them. This applies until 16 March 2021, after which the threshold will be \$1000.
 - **Reinstatement of Building Depreciation.** From the 2020-2021 tax year reinstatement of depreciation for commercial and industrial buildings.
 - **Measures to support commercial tenants and landlords.** On 23 March 2020, the Minister of Finance announced a freeze of rent increases and protections against tenancy terminations.

Refer the following links for further information:

<https://www.ird.govt.nz/Updates/News-Folder/covid19-business-changes>

HortNZ's website has more details https://www.hortnz.co.nz/news-events-and-media/media-releases/Covid-19-update-for-horticulture/#Advice_for_employers