

laydoddnews March 2020



2020 YEAR END CHECKLIST

is available from our website at:

<http://www.laydodd.co.nz/accounting-tax-facts/auckland-tax-services/>

Please contact us if you would like us to post out your checklist.

The checklist is designed to help us limit the questions we have to ask you at a later date.

Once your records are gathered together, please send to our office or email us.

Our Commitment To Keep In Contact

Following the latest update issued by the New Zealand government, our team will be working remotely from home.

We wish to assure you however, we are fully committed to continuing our delivery of services to you and we are available to assist in any way you may need.

You can continue to reach us on our main phone line 09 623 7770, your Manager's direct dial number, all our existing email addresses and mobile numbers.

COVID-19 STIMULUS PACKAGE

The COVID-19 virus is having a profound and unprecedented effect on the global economy. All of our clients will be affected and we, at Lay Dodd Partners, will do all that we can to support our clients through this very difficult time.

The stimulus package released on 17 March 2020 includes wage and leave subsidies for those businesses affected by COVID-19 as well as tax relief in the form of increased deductions for the 2021 income year onwards and remission of IRD interest for COVID-19 affected businesses.

Wage Subsidies

Wage subsidies will be available for businesses that can show a 30 percent decline in revenue for any month between January and June 2020 compared to the year before (or projected revenue for new businesses).

For eligible businesses, employers will be paid \$585.50 per week for full-time staff, and \$350 for part-time staff. Payments will be capped at \$150,000 per business and will be paid in one lump sum for up to 12 weeks.

It's not clear from the information, provided but it seems that shareholder-employees are also covered by this subsidy.

Application can be made online – see the link below. The process appears to be reasonably straight forward, and information provided on the website is both helpful and reasonably easy to follow. The form filing/information requirements do not appear onerous.

Leave Payment

Leave payments are available to those who need to self-isolate and cannot work, or who are sick or caring for a dependent who is sick with COVID-19. The Leave payment is available to employers, contractors, sole-traders and the self-employed for 8 weeks from 17 March 2020. The leave payment may be applied for more than once and must be passed on in full.

The leave payment is \$585.80 per full time employee, or \$350.00 per part time employee.

A Cautionary Word

Under the current law, the wage subsidy and leave payment would be subject to income tax (being a recovery of deductible expenditure) and is not subject to GST.

For more information on the Wage and Leave subsidies and to apply on-line go to:
<https://www.workandincome.govt.nz/products/a-z-benefits/covid-19-support.html>

Tax Package

The stimulus package included a number of changes effective from 1 April 2020. While these changes do not represent an immediate cash injection, they will have future cash flow benefits for some businesses.

Tax changes include:

- Building depreciation of 2% reintroduced for commercial buildings from 1 April 2020.
- Low value asset automatic deduction threshold has increased from \$500 to \$5,000 for 2021 income year, reducing to \$1,000 from 2022.
- Provisional tax threshold will increase from \$2,500 to \$5,000.
- Ability for taxpayers affected by COVID-19 to seek remission of IRD interest.

The following link is to the Beehive website which provides fact sheets on various aspects of the stimulus package including the tax changes.

<https://www.beehive.govt.nz/release/121-billion-support-new-zealanders-and-business>

It will take some time for us to digest the various changes and as always, the devil is in the detail and we may not have that for some time. However, if we can assist in any way, please do not hesitate to contact us.



7 April Terminal Tax Instalment Reminder

2019 Terminal tax is due for payment on Tuesday, 7 April 2020.

Emails or letters to applicable clients have been sent during March.

If there is any difficulty in meeting the payments, please get in contact with us by 3 April.

Disclaimer

This publication has been carefully prepared, but it is written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.