



## Covid-19 Lockdown issues

We are living in a very weird time, with each family locked in their bubble. It helps, I think, to know that we are all in the same boat – no one is excluded. But the lockdown gives rise to some concerns. But your priority should be to STAY SAFE, at home secure in your bubble.

**Payment of tax** – During the lockdown Westpac is only open on a Wednesday, and only some branches. You may need to make alternate arrangements – see following page. IRD are making allowances and will write off a penalty provided the tax is paid on the next possible date.

IRD are also allowing more flexibility with **instalment arrangements**. You can organize this online when you login to your MyIR. If you don't have MyIR set up then please contact us with full details (preferably via email).

## Covid-19 Tax Relief & Assistance

### Wage and Leave Subsidies

All businesses suffering a decline in revenue of 30% or more can claim this subsidy. This includes self-employed, sole traders, companies etc.

The Subsidy has no GST or tax implications for the employer – you are acting merely as the agent for Work & Income to pass this on to your employees. We will need to set up new codes for the income and for the payments to your employees.

It is preferred that the employer try to top up the amount of the subsidy to at least 80% of the employee's normal wage – this is recommended but not required. You should also only make payment on the same schedule as normal, e.g. payroll weekly or fortnightly.

The payment to the employee has PAYE, KiwiSaver etc deducted as normal and is included in the normal Employer schedule to IRD. Please see the final page of the newsletter regarding IRD position on passing the subsidy on to your Employees.

### Other Tax Relief items

A few things that may help businesses survive this unprecedented lockdown – I will touch on some. For the **2021 Provisional Tax** – the level has been raised from the normal \$2,500 to \$5,000. This will be great for the cashflow of smaller businesses; especially as they may not be required to make payment on 7<sup>th</sup> May 2020. But please keep in mind that although you may not be required to make payments through the year – this will mean a lump sum will be due next 7<sup>th</sup> April (or 7<sup>th</sup> February if you have lost your extension of time). This is a one-year change only.

**Assets threshold** – this has been increased from \$500 to \$5,000 for assets purchased from 17<sup>th</sup> March 2020 for 1 year. In March 2021 the amount reduces back to \$1,000. What this means is that we can "expense" assets bought for less than \$5,000 which reduces your profit and therefore your tax liability.

**In Work Tax Credits** – for those that qualify for Working for Families for this next 12 months the minimum hours requirement has been lifted. This is because the lockdown would adversely affect too many people.

## FEEDING THE DUCKS – DAY 5 LOCKDOWN



## 2020 Information & Questionnaires

The updated 2020 Questionnaires are now available on our website [www.evelynmae.co.nz](http://www.evelynmae.co.nz). They are on the Information Page. Please download the relevant questionnaires, complete and return them with all the information you are required to provide.

Since we are all stuck at home, with nowhere to go, now is the perfect time to get this annoying chore over and done with. So I expect a huge influx of work in as soon as the lockdown is removed.

You can get this information to us in a number of ways. Scan and email, upload to portal, print and post. Or when the lockdown is over drop into the office or parcel box.

If you are not sure which questionnaires or other information is required then please email or phone us.

## Simple Home Remedies

1. Avoid cutting yourself when slicing vegetables. Get someone else to hold them while you chop.
2. A mouse trap placed on top of your alarm clock will stop you from going back to sleep after you hit the snooze button.
3. If you have a bad cough, take a large dose of laxatives, you will be too afraid to cough.
4. You only need 2 Tools in life – CRC and Duct tape. If it moves and it shouldn't; use Duct Tape. If it doesn't move and it should; use the CRC.

## Car Keys

They weren't in my pockets...

I realised I must have left them in the car... Frantically, I headed for the parking lot. My husband has scolded me many times for leaving my keys in the car's ignition. He's afraid that the car could be stolen. As I looked around the parking lot, I realised he was right... the parking lot was empty.



I immediately called the police; I gave them my location, confessed that I had left my keys in the car, and that it had been stolen.

Then I made the most difficult call of all to my husband:

***"I left my keys in the car and it's been stolen."***

There was a moment of silence. I thought the call had been disconnected, but then I heard his voice.

***"Are you kidding me?"*** he barked, ***"I dropped you off!"***

Now it was my turn to be silent... Embarrassed, I said

***"Well, come and get me."***

He retorted,

***"I will, as soon as I convince this cop that I didn't steal your damn car!"***

## We're moving on from cheques

As covered in our December newsletter IRD and ACC have stopped accepting cheques for payments. You are able to make payment using cash or Eftpos at Westpac (they will not accept cheques). But your bank may limit the amount you can pay via Eftpos so if the payment is large it might pay to check that in advance.



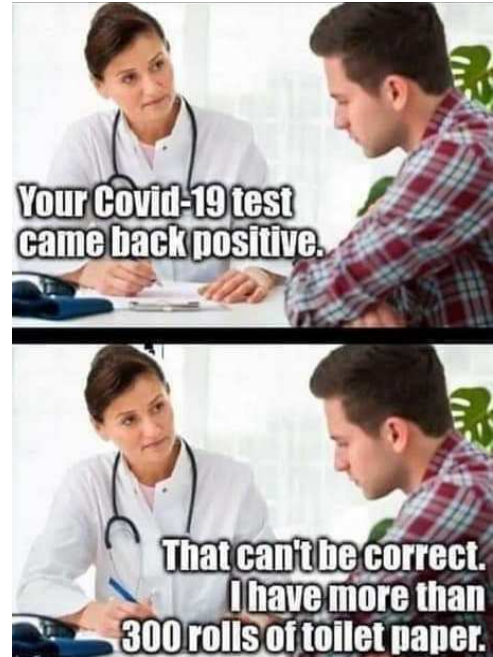
The easiest way is to make payment via your bank internet site to ACC, IRD (and Evelyn Mae Ltd). If you don't have access to internet banking then now is a good time to set it up with your bank. Or if you prefer get the bank to set up the Payees so you can pay via telephone banking.

### Evelyn Mae Limited – no cheques either please

We will still accept a cheque payment. However, to cover the cost of processing them we are adding a \$20 fee for all cheques from 1 April 2020. If you wish to make a payment by cheque please add \$20 to the amount due. Also please note cheque payments should be more than 5 working days prior to the due date shown.

**Day 4 of social distancing: Struck up a conversation with a spider today. Seems nice. He's a web designer.**

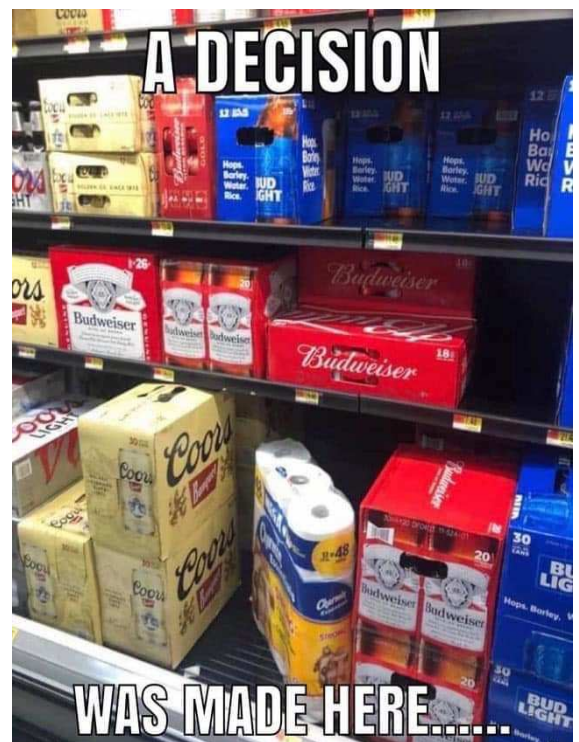
## SUPERMARKET LOCKDOWN



I have just been to PaknSave. Saw a fella whose trolley was full to the brim with hand sanitiser, baby wipes, soaps, everything that people need!

I called him selfish 😏 and gave him a lecture about the elderly, and mums etc. who need these types of things. Told him he should be ashamed of himself! 😏

He said: that's all good and well mate, but I work here, so can I carry on filling the shelves now?" 🤪🤪





## Covid-19 update for business customers

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Kia ora koutou,

In these extraordinary circumstances, ensuring people get their entitlements, including their COVID-19 relief, is an essential service and Inland Revenue's top priority.

We are now required to operate very differently, including how we work with you.

Within Inland Revenue, all front office services in all localities are now closed and all our staff, except a small number of special exceptions, will be working from home.

Inland Revenue remains committed to implementing the latest round of our transformation changes in April. Maintaining the pace of IR's transformation is important and any delay increases the risk that we won't be able to meet customers' needs at this difficult time. By upgrading our systems in line with our current plan, we increase our agility to respond swiftly to situations such as COVID-19 which gives the Government more flexibility to help New Zealanders. Please be assured that the people who work at Inland Revenue will be doing their very best to make sure all New Zealanders get what they need as soon as they need it. That is our top priority.

### **Government package to combat COVID-19 impact**

Tax relief and income assistance is available to people affected by the downturn in business due to the COVID-19 (novel coronavirus). We have a range of ways to help depending on your circumstances. <https://www.ird.govt.nz/covid-19>

### **Even if you can't pay – please file**

If you are unable to pay taxes on time due to the impact of COVID-19, we understand, you don't need to contact us right now. Get in touch with us when you can, and we'll write-off any penalties and interest.

It would help if you continue to file however, as the information issued to make correct payments to people, and to help the Government continue to respond to what is happening in the economy.

### **Your COVID-19 questions**

Here are some links for you to keep up to date with clarification about the changes we are implementing to respond to the COVID-19 event:

<https://www.ird.govt.nz/covid-19/tax-relief>

### **Wage subsidy and leave payment schemes**

Inland Revenue is not administering the wage subsidy or leave payment scheme. If you would like more detail about these, please refer to:

[www.workandincome.govt.nz/covid19support](http://www.workandincome.govt.nz/covid19support)

Inland Revenue would strongly encourage employers to pass the wage subsidy amount (which is for a 12-week period) to the employee as per their normal pay cycle.

For example: If the employee is normally paid weekly, the intention of the wage subsidy scheme is that the employee receives 1/12th of the wage subsidy lump sum each week for 12 weeks as part of their weekly pay, in addition to any potential top up from the employer each week.

Here is some information about the tax treatment of the wage subsidy:

- It is not subject to GST. An order in Council has been put in place to treat it as exempt (Section 5(6E)(B) (iii GST Act)
- The wage subsidy paid to the employer is not taxable. It is excluded income under Section CX 47 Income Tax Act
- It is not deductible when paid by the employer as part of wages to employees (Section DF 1 Income Tax Act).
- It is taxable for the employee. It is included as part of their normal wages and subject to PAYE, Student Loan, Kiwisaver deductions etc
- If a partner in a partnership or a self-employed person receives it in their personal capacity, rather than as an employer, then it is taxable to them as it replaces a loss in income.
- If paid to shareholder-employees it is taxable to them.

Here is some information about the tax treatment of the leave payment scheme:

- The leave payment is not subject to GST. An order in Council has been put in place to treat it as exempt (Section 5(6E)(B) (iii GST Act).
- The leave payment for self-isolation paid to employees or self-employed persons is subject to tax as it is paid to replace taxable income.

### **Filing Employment Information:**

We know it's challenging for you in the current environment to continue to file Employment Information each payday. However, filing Employment Information ensures information about employees is up to date and accurate and will also help support any application for the Government's recently announced wage subsidy (if required) given the current context of COVID-19.

This information will also assist as the end of the tax year is closing – and IR will be identifying refunds (in particular) which can be sent to customers to assist during this difficult time.

## Large employers

If you're a large employer with over 100 employees, MSD have recognised that the COVID-19 Wage Subsidy form may be hard for you to use due to the number of employees you have. They have developed a large employer form and it is available here: <https://www.workandincome.govt.nz/products/a-z-benefits/covid-19-large-employers.html>

Ngā mihi

Corey Sinclair

**National Leader**

Community Compliance