



Applying for Covid-19 Wage Subsidy with Work and Income

Work and Income have a wage subsidy available to support employers affected by COVID-19.

Changes from 27 March 2020

Leave Payment

From 3 pm on 27 March 2020, the COVID-19 Leave Payment is no longer available for employers. Applications already submitted will continue to be processed and paid.

Wage Subsidy obligations

Work and Income also made some changes to the obligations for the Wage Subsidy. These are in the declaration page which employers will need to agree to in the application form.

COVID-19 Wage Subsidy declaration page:

By submitting the form, you (the employer or self-employed person) are declaring that you:

- meet the eligibility criteria for the subsidy:
 - your business is registered and operating in New Zealand; and
 - the employees named in your application are legally employed in New Zealand; and
 - your business has experienced a **minimum 30% decline** in actual or predicted revenue:
 - over the period of any month from January 2020 through to the end of this scheme when compared to the same month last year, or a reasonably equivalent month for any business operating less than a year; and
 - that loss is attributable to the COVID-19 outbreak; and
 - your business has **taken active steps to mitigate** the impact of COVID-19 on their business activities (such as engaged with your bank, Chamber of Commerce, industry association or the Regional Business Partner programme); and
 - you agree you will, using **best endeavours, retain the employees** named in your application in employment on at least 80 percent of their regular income for the period of the subsidy
- will notify the Ministry of Social Development if anything changes that may affect your eligibility
- have discussed this application with the employees named in your application and that they have consented (in writing, if practicable) to the information about them in the application being:
 - provided to the Ministry of Social Development; and
 - used by the Ministry of Social Development to make decisions about your application and to audit and review any subsidy that is granted; and
 - shared by the Ministry of Social Development with other agencies to the extent required by MSD, its staff and auditors to make decisions about your application and to audit and review any subsidy that is granted

- will provide the Ministry of Social Development with information about you, your business or (with their consent) your employees to the extent required by the Ministry of Social Development, its staff or auditors to make decisions about your application and to audit and review any subsidy that is granted
- consent to the Ministry of Social Development sharing information provided in this application about you or your business with other agencies to the extent necessary to make decisions about your application and to audit and review any subsidy that is granted
- consent to the Ministry of Social Development publishing basic identifying information about your business and the level and duration of any subsidy provided to you (excluding any personal information about your employees) on a publicly accessible register
- acknowledge and agree all the information you have provided to Ministry of Social Development is true and correct
- agree to repay any subsidy made to you if you:
 - were not or stop being entitled to the subsidy
 - provide false or misleading information in your application
 - receive business interruption insurance
- acknowledge if you have provided false or misleading information, or receive any subsidy or payment that you were not entitled to receive, you may be subject to an investigation including for offences under the Crimes Act 1961
- acknowledge that this declaration forms part of your application
- acknowledge that the Ministry of Social Development may amend this agreement at any time and at their discretion.

In submitting your application, you also acknowledge and/or agree:

- the Ministry of Social Development collects the information in this application and form to determine whether you are eligible to receive assistance
- the Ministry of Social Development will use the information provided in this application to assess your eligibility to receive the COVID-19 Wage Subsidy. We may also use the information to contact you or for research and reporting purposes, or to advise you on the matters relating to the assistance you applied for
- the Ministry will not use the information provided in this application for any other purpose or for assessing entitlement to any other assistance available from the Ministry unless required or authorised by law
- under the Privacy Act 1993 you have the right to request access to all information held about yourself and to request corrections to that information.

Who can get the Wage Subsidy

All New Zealand employers who have been adversely affected by COVID-19 are eligible to apply. This includes:

- registered charities
- Non-government organisations (NGOs)
- the self-employed and sole traders
- contractors
- incorporated societies, and
- post-settlement governance entities.

If you're an employer, contractor, sole trader or self-employed, you may qualify to get the COVID-19 wage subsidy.

For definitions of the eligibility criteria, see the information under the 'Definitions for Wage Subsidy qualifications' heading on the page below.

What you can get

The COVID-19 Wage Subsidy will be paid at a flat rate of:

- \$585.80 for people working 20 hours or more per week (full-time rate)
- \$350.00 for people working less than 20 hours per week (part-time rate).

The subsidy is paid as a lump sum and covers 12 weeks per employee.

Hours fluctuate

If your employee's hours fluctuate, use an average of hours they worked per week over the last 12 months.

If they've worked for less than 12 months then use the average for the period they have been employed.

If this average is:

- 20 hours or more, you can apply for the full-time rate
- under 20 hours, you can apply for the part-time rate.

Apply for Wage Subsidy

You can't apply for the same employee twice. You can only apply for employees you haven't already applied for.

Make sure the details you provide match with those held by Inland Revenue. Differences will slow down your application and may result in it being declined.

What form you fill out, depends on whether you have people working for you or not.

You'll be asked to declare you meet the criteria and agree to the obligations for the use of the subsidy.

You have people working for you

When you apply you will need to give Work and Income:

- your business IRD number
- your New Zealand Business Number (NZBN) if you have one
- your business:
 - name
 - address
 - contact details
- your employee details (include full-time and part-time employees in the same application):
 - names
 - date of birth
 - IRD numbers
 - employment type (whether they are full-time or part-time).

Large employer

If you're a large employer (e.g. 100 employees), the application form may be hard to use due to the number of employees you have. Follow the instructions to make your application:

<https://workandincome.govt.nz/products/a-z-benefits/covid-19-large-employers.html>

You don't have people working for you

When you apply you will need to give Work and Income your:

- IRD number
- business name
- business address.

Processing and payment timeframes

Work and Income are processing and approving applications as quickly as we can, please be patient.

You will get a text and email once the payment is made.

Your bank will use a specific reference - MSD COVID19C

Audits and reviews

You will need to declare you meet the criteria for payment as part of your application. All payments will be subject to audits and reviews.

Paying your staff

The impact of COVID-19 means that the hours staff work may have to change. **That can only be done in accordance with the usual employment law rules.**

If you are receiving the COVID-19 Wage Subsidy, you must:

- Try your hardest to pay staff at least 80% of their usual wages;
 - If that isn't possible, pay at least the rate of the subsidy that applies to that employee
- If the employee's usual wages are lower than the rate of the subsidy, continue paying that amount for the duration of the subsidy.

The usual employment law rules apply.

GST and tax

You don't have to pay GST or tax on the wage subsidy. It is exempt from GST and classified as "excluded income" for tax purposes.

Your employee will need to pay tax on their wage subsidy payment as it's paid to them as part of their normal wages. This means it's subject to the usual deductions, e.g., PAYE, Student Loan, KiwiSaver, ACC, etc.

Definitions for Wage Subsidy qualifications

What does registered and operating in New Zealand mean?

This means that a business is:

- registered with the New Zealand Companies Office, and
- physically located in New Zealand, and
- their employees legally work in New Zealand.

Sole traders

Sole traders are not required to be registered with the New Zealand Companies Office, but must have:

- a personal IRD number for paying income tax and GST, and
- government licences and permits for their business needs, and
- qualifications or registrations for their trade or profession.

Sole traders must still meet the requirements to be physically located and legally working in New Zealand.

What does legally working in New Zealand mean?

Legally working in New Zealand means a person is both working in New Zealand and is legally entitled to work in New Zealand. A person is legally entitled to work in New Zealand if they:

- are a New Zealand or Australian citizen (including a person born in the Cook Islands, Niue or Tokelau), or;
- have a New Zealand residence class visa, or
- have a New Zealand work visa or a condition on their New Zealand temporary visa that allows them to work in New Zealand.

For more information, see: <https://www.employment.govt.nz/starting-employment/right-to-work-in-new-zealand/>

What does a 30% decline in revenue mean?

This means a business has experienced a 30% decline in:

- actual revenue, or
- predicted revenue (e.g. for businesses who have seen a reduction in bookings such as accommodation providers), and
- that decline is related to COVID-19.

The business must experience this decline between January 2020 and 9 June 2020.

Definition of revenue

Revenue means the total amount of money a business has earned from its normal business activities, before expenses are deducted.

Determining a decline in revenue

To determine a decline in revenue, the business must compare one month's revenue against the same month the previous year (e.g. February 2020 compared with February 2019). The revenue of the month in the affected period must be at least 30% less than it was in the month it was compared against.

Businesses operating for less than a year

Where a business has been operating for less than a year, they must compare their revenue against a previous month that gives the best estimation of the revenue decline related to COVID-19.

What are active steps to mitigate the impact of COVID-19?

A business must take active steps to mitigate the financial impact of COVID-19 on their business. This could include:

- drawing from your case reserves (as appropriate)
- activating your business continuity plan
- making an insurance claim
- proactively engaging with your bank
- seeking advice and support from:
 - the Chamber of Commerce
 - a relevant industry association
 - the Regional Business Partner programme.

What does retaining affected staff mean?

Employers are required to agree that, for the duration of the subsidy, they will make best efforts to retain the employees the subsidy was paid for.

If you are receiving the COVID-19 Wage Subsidy, you must:

- Try your hardest to pay staff at least 80% of their usual wages;
 - If that isn't possible, pay at least the rate of the subsidy that applies to that employee
- If the employee's usual wages are lower than the rate of the subsidy, continue paying that amount for the duration of the subsidy.

Reviewing decisions to decline the subsidy

Decisions to decline the COVID-19 Wage Subsidy are not made under the Social Security Act 2018 and are not covered by the usual Review of Decision guidelines.

If an employer wishes to review the decision to decline the subsidy, that decision should be reconsidered. This review should be based on whether an 'informed' decision was made and should consider the following:

- whether all relevant information obtained, and
- whether the appropriate options and implications were considered, and

Please note that this is general advice only and will vary for each specific situation. In addition, this continues to be an evolving situation. For specific and current advice relating to your unique situation, please get in touch with an expert from our employment team.