

Wage Subsidy COVID-19

The [wage subsidy schemes](#) ensured employers could keep paying their employees, who could stay connected to their employers, even if unable to work their normal hours, during the Covid alert periods.

Wage subsidy and tax

If you received the wage subsidies and are catching up on your tax filing for previous years, have received queries from Inland Revenue, or are under audit from Inland Revenue, you may have queries about your tax position.

The wage subsidy was considered excluded income to businesses and is GST exempt. When passed on as wages, businesses didn't get a deduction for income tax purposes.

The employer funded wages paid over the amount of the wage subsidy were deductible as normal.

If you received the subsidy but did not pass on the full amount to your employee(s), the amount not passed on to employees must be paid back to MSD. If not, Inland Revenue may also consider this to be taxable income for inclusion in your income tax return.

If you claimed a subsidy and subsequently repaid it to MSD, you may be entitled to a deduction for the salary/wage expense which was previously non-deductible in the year the salary/wages were originally incurred. To claim this, you can amend your net profit in myIR and must provide supporting information. Ask us if you need help with this.

Terms and conditions

If you applied for support through the wage subsidy, remember that the subsidy came with [specific conditions](#).

You may be subject to civil proceedings to recover any amount that you received but were not entitled to, and/or to prosecution for offences under the Crimes Act 1961.

The Ministry of Social Development provides a [search function](#) to enable anyone to search employers who received wages subsidies.

Keep in mind

Keep comprehensive records of wage subsidies received and passed on to employees, as well as any subsidies your business subsequently repaid, to document any adjustments required in your tax returns. Keep all relevant information together for accurate reporting for the relevant year. Contact us if you would like us to assist.