



# CONVID-19: EMPLOYER WAGE SUBSIDY

## Who is eligible?

If you're an employer, contractor, sole trader or self-employed and your business has or is about to experience a significant decline in revenue (30%+) for a month when compared to last year (or a previous period in the case of a new business), then you may qualify to for the wage subsidy.

There are 5 key eligibility criteria that need to be met in order to qualify.

We have provided detailed information around the eligibility criteria on page 3.

## How much can you get?

The wage subsidy will be paid at a flat rate of:

- \$585.80 for people working 20 hours or more per week;
- \$350.00 for people working less than 20 hours per week;
- The subsidy is paid as a lump sum and covers 12 weeks per employee;
- This subsidy is for wages only, to help keep staff employed while considering changes to ensure the future viability of your business; and
- The maximum subsidy that can be paid to a business is \$150,000, though the business can only get the subsidy once.

## What Information is Needed to Complete the Application?

Information needed to complete the application:

- IRD number;
- Business name;
- Business address;
- New Zealand Business Number (NZBN);
- Names of your employees;
- Employee IRD numbers; and
- Contact details for your business and your employees.



## **What Additional Information is Required?**

You will also need to collate additional information about the employees and the business in the event of an MSD audit. The additional required information includes the following:

- Employee pay rates (obtainable from payroll system);
- Employee normal hours worked (obtainable from payroll system);
- Employee employment agreements (all employees must have a contract);
- Approval to disclosure personal information from each employee (All Accounted has prepared a template letter attached to this document);
- Evidence of declining revenue (which All Accounted For can prepare utilising data from Xero);
- Evidence declining revenue due to COVID-19 (this will be documenting circumstances of declining revenue, IE: School closures, social distancing protocols, travel restrictions resulting in fewer tourists, etc); and
- Documenting steps undertaken to mitigate COVID-19 business impacts (such as talking to All Accounted For around business continuity, cash flow management, forecasting, etc).

## **How do I Complete the Application?**

The team at All Accounted For can assist with the preparation of necessary information required, including the producing evidence of the 30%+ decline in revenue.

The wage subsidy application can be completed on the Ministry of Social Development Work & Income website. The applications can be found by following the below links:

[Wage Subsidy Application Form for Employers](#)

[Wage Subsidy Application Form for Self-Employed/Contractors](#)



## **Eligibility Criteria to Qualify:**

### **1. Your business must be registered and operating in New Zealand, which means:**

The business (Company or Incorporated Society) is registered with the New Zealand Companies Office, is physically located in New Zealand and their employees legally work in New Zealand.

For sole trader business, they must have an IRD number, government licences/permits for their business needs and be qualified/registered for their trade/profession.

### **2. Your employees must be legally working in New Zealand**

This means a person that is working in NZ and is legally entitled to work in NZ (NZ or Australian citizen, NZ residence class visa or work visa).

### **3. The business must have experienced a minimum 30% decline in actual or predicted revenue over the period of a month when compared with the same month last year and the decline be related to COVID-19.**

This means a business that has experienced a minimum 30% decline in actual revenue, or predicted revenue (IE: reduction in accommodation bookings) and that the decline is related to COVID-19. The business must experience this decline between January 2020 and 9 June 2020.

If the business has been operating for less than 12 months, the business must compare the declined monthly revenue against a previous month that gives the best estimation of revenue decline due to COVID-19.

### **4. Your business must have taken active steps to mitigate the impact of COVID-19**

Examples of undertaking active steps to mitigate the financial impact of COVID-19 on your business could include activating the business continuity plan and seeking advice and support from the likes of your bank, the Chamber of Commerce, a relevant industry association, the Regional Business Partner programme or business advisor (accountant).

### **5. You must make best efforts to retain employees and pay them a minimum of 80% of their normal income for the subsidised period.**

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 and will pay those employees a minimum of 80% of their normal wage or salary.

## **Other Conditions as part of Declaration to Ministry of Social Development (MSD):**

As part of completing the wage subsidy application, the applicant is required to make the following disclosures to the MSD.

1. MSD must be notified if eligibility criteria changes occur;
2. That have obtaining written consent from employees that form part of wage subsidy application, around disclosing some personal information about them potentially being disclosed to MSD as part of the application or subsequent audit.

We have prepared an example letter that can be used to obtain the necessary approval from employees to satisfy this requirement;

3. Consent to MSD having the ability to share information within the application to other agencies;
4. Consent to MSD publishing basic identifying information about the business, level of subsidy provided and duration of subsidy (will exclude personal information about employees);
5. Agree to repay any subsidy received if business stopped being eligible, provided false information or received business interruption insurance proceeds;
6. Acknowledge that all information provided is true and correct;
7. Acknowledge that providing an false or misleading information resulting in receiving subsidiary not entitled to, may result in an investigation for offences under the Crimes Act 1961; and
8. Acknowledge that MSD may amend the agreement at any time and at their discretion.



## **Example Employee Letter Approving Disclosure of Employee Information to Ministry of Social Development**

To <Business Owner>  
<Business Name>  
<Business Address>

<Date>

To <Business Owner>

### **RE: <EMPLOYEE NAME> - DISCLOSURE OF PERSONAL DETAILS TO MINISTRY OF SOCIAL DEVELOPMENT**

I, <Employee Name>, understand that <Business Name> is applying for the Ministry of Social Development wage subsidy to assist with the payment of my wages/salary for up to 12 weeks from the application date.

I therefore acknowledge and agree to the following:

That <Business Name> and any approved management representative appointed by <Business Name>, may provide any necessary personal information concerning my employment, to the Ministry of Social Development in order to meet the requirements of the wage subsidy application.

That the information provided to the Ministry of Social Development may include contact details, my IRD number and details around my employment, including wage and salary details.

That I may be contacted by the Ministry of Social Development to verify that the information provided by <Business Name> about me and my employment is accurate.

That information provided by <Business Name> to the Ministry of Social Development may be shared with other Government Agencies, either in part or in its entirety.

That I am entitled to review the information specifically relating to me contained within the wage subsidy application by <Business Name>

Yours faithfully

<Employee Name>