



## **COVID-19: New Zealand Government support for start-up businesses (as of 5th May 2020)**

<p><b>Guidance for those under financial stress</b></p>	<p>If a business is worried about its ability to finance existing loans as a result of COVID-19 it should contact its bank or finance company as soon as it can. Banks and other lenders will work with customers who are struggling financially. Borrowers have a legal right to ask for changes to their repayments. A range of options are available to help.</p> <p>Additionally, the government-funded services Sorted and MoneyTalks can help with budgeting or other financial guidance. Sorted can help with offers tips, guides and tools support online: <a href="https://sorted.org.nz/">https://sorted.org.nz/</a></p>
<p><b>COVID-19 Employer Wage Subsidy Scheme</b></p>	<p>The New Zealand government has introduced a wage subsidy to help businesses affected by COVID-19, and is available to all businesses including:</p> <ul style="list-style-type: none"> <li>• self-employed</li> <li>• contractors</li> <li>• sole traders</li> <li>• registered charities</li> <li>• incorporated societies</li> <li>• post-settlement governance entities.</li> </ul> <p>The wage subsidy also supports businesses and their staff to maintain an employment connection. It:</p> <ul style="list-style-type: none"> <li>• supports employers affected by COVID-19, so they can continue to pay their employees</li> <li>• supports workers to ensure they continue to receive income, even if they are unable to work.</li> </ul> <p>The subsidy is a lump sum payment for the employer to pass on to employees. It covers 12 weeks per employee and pays NZ\$585.80 per week full-time workers and NZ\$350.00 per week for part-time workers. New businesses (eg. that are less than a year old) and high growth firms (eg. firms that have had significant increase in revenue) - such as start-ups - are also eligible. They will need to demonstrate the revenue loss assessment against a similar time period, for example a 30% loss of income,</p>

	<p>attributable to COVID-19, in March 2020 compared to January 2020. Self-employed people with variable monthly incomes are also eligible if they can demonstrate the revenue loss assessment against the previous year’s monthly average (eg. 30% loss of income attributable to COVID-19 comparing March 2020 to the average monthly income in the period March 2019 to March 2020).</p> <p>More information about the wage subsidy, including detailed steps to check eligibility is available through Work and Income:  <a href="https://workandincome.govt.nz/products/a-z-benefits/covid-19-support.html">https://workandincome.govt.nz/products/a-z-benefits/covid-19-support.html</a></p>
<b>Redundancy support</b>	<p>If an individual has lost their job or they run a business and are faced with laying off employees, there may be support options available. Work and Income offers a range of information and support to employees who are made redundant:</p> <p><a href="https://workandincome.govt.nz/eligibility/lost-job/made-redundant.html">https://workandincome.govt.nz/eligibility/lost-job/made-redundant.html</a></p>
<b>Business Finance Guarantee Scheme</b>	<p>The New Zealand Government has launched a NZ\$6.25 billion <b>business finance guarantee scheme</b> for small and medium-sized businesses – including start-ups - to protect jobs and support the economy. The Crown, in partnership with participating approved banks, will support targeted new loans (including increases to existing limits) to eligible businesses, as a response to difficulties caused by COVID-19.</p> <p>Under the scheme, businesses with annual revenue between NZ\$250,000 and \$80 million can apply to their banks for loans up to \$500,000, for up to three years. Government is guaranteeing 80% of the risk, while the banks are covering the remaining 20%. A normal lending process will be followed by the banks, which will make the lending decisions.</p> <p><a href="https://www.beehive.govt.nz/release/business-finance-guarantee---applications-open">https://www.beehive.govt.nz/release/business-finance-guarantee---applications-open</a></p>
<b>Business tax support</b>	<p>The New Zealand Government has announced a set of tax proposals to help businesses manage the impacts of COVID-19, including greater flexibility for taxpayers in respect to tax deadlines, where the intention is to give Inland Revenue discretion to temporarily change dates, timeframes and procedural requirements outlined in a number of Acts administered by them. This provision will apply to businesses and individuals affected by COVID-19.</p> <p><b><u>Temporary loss carry-back scheme:</u></b></p> <ul style="list-style-type: none"> <li>• Businesses expecting to make a loss in either the 2019/20 year or the 2020/21 year would be able to estimate the loss and use it to offset profits in the past year. In other words, they could carry the loss back one year.</li> </ul>

	<ul style="list-style-type: none"> <li>• This change means Inland Revenue could refund some or all the tax already paid for the year they were in profit. It means firms could cash out all or some of their losses in 2019/20 or 2020/21. Without this change, firms would have to carry forward any loss to a year when they make a profit.</li> <li>• The Government proposes a permanent loss carry-back scheme, applying to the 2021/22 and later income years. There will be public consultation about this measure in the second half of 2020.</li> </ul> <p><b><u>Changes to the tax loss continuity rules</u></b></p> <ul style="list-style-type: none"> <li>• The Government proposes relaxing the tax loss continuity rules. It intends passing legislation before the end of March 2021, and for it to apply to the 2020/21 and later income years.</li> <li>• Currently, if a company has more than a 51% change in ownership it cannot keep its tax losses. The introduction of a ‘same or similar business’ test, means a business could carry forward losses. To meet the test, the business must continue in the same or a similar way it did before ownership changed.</li> <li>• Some companies will be looking to raise capital to keep afloat now and to recover in the future. Raising capital may result in a change to the existing shareholder structure. Relaxing the rules will ensure companies in this position could carry losses forward to offset income when they return to profit. Being able to carry forward losses makes the business more valuable to investors. The rules should improve access to capital for businesses.</li> </ul> <p><a href="https://www.ird.govt.nz/">https://www.ird.govt.nz/</a></p>
<p><b>Support for R&amp;D and innovation</b></p>	<ul style="list-style-type: none"> <li>• <b>R&amp;D grants</b> - In the current crisis, we know that cash flow and staff retention are urgent priorities for many businesses. So Callaghan Innovation are being as flexible as possible with its R&amp;D grants process to provide extra support and certainty for businesses impacted by COVID-19. If a business has any concerns around their Growth, Project, Getting Started, Career or Fellowship Grants, they should contact their Callaghan Innovation relationship manager who can talk you through options. The New Zealand Government is also prioritising keeping R&amp;D Grants payments on schedule and exploring other support options at this time.</li> <li>• <b>The R&amp;D Tax Incentive</b> - The Government has also recently passed some legislation changes to the R&amp;D Tax Incentive rules under urgency to provide extra cash support to R&amp;D performing businesses, to help support them through the disruption caused by COVID-19. The Tax Incentive offers a 15% credit for R&amp;D and pre-revenue firms such as start-ups can now access the scheme as refundability will be available from year one. <a href="https://www.ird.govt.nz/research-and-development/tax-incentive">https://www.ird.govt.nz/research-and-development/tax-incentive</a></li> <li>• New Zealand’s <b>Scale-Up NZ</b> platform remains fully operational. Businesses including start-ups can still use the platform to raise the profile of their innovation, find potential partners and connect with each other. Doing this can be exceptionally</li> </ul>

	<p>beneficial at this challenging time. The Scale-Up NZ team is prioritising creating profiles for companies with services and capabilities that are relevant to the COVID-19 response. Callaghan Innovation have also implemented a new 'coronavirus' tag so that relevant businesses are easily searchable on the platform, to support collaboration. <a href="https://www.callaghaninnovation.govt.nz/scaleup-nz">https://www.callaghaninnovation.govt.nz/scaleup-nz</a></p>
<b>Increased business support</b>	<p>The New Zealand Government has announced a further \$25 million in funding for the Regional Business Partner Network (RBPB). Approximately \$4 million will go to help strengthen call centres to ensure more people can access the service quickly. Roughly \$20 million will be invested in the direct business consultancy services to ensure that a wider range of businesses (including start-ups) can get the support they need on issues such as:</p> <ul style="list-style-type: none"> <li>• Managing people through COVID-19</li> <li>• Business Continuity Planning</li> <li>• COVID-19 Confidence in Crisis Planning Framework</li> <li>• Business Continuity: Business Recovery</li> <li>• Mindset Coaching for Business Health and People Wellness</li> <li>• Founder, Leader &amp; Business Owner Wellbeing through COVID-19</li> <li>• Financial Planning for the Pandemic and Beyond.</li> </ul> <p>To find out what support is available visit <a href="https://www.regionalbusinesspartners.co.nz/">https://www.regionalbusinesspartners.co.nz/</a></p>
<b>Commercial leases and mortgages</b>	<p>The New Zealand Government is working to put in place some temporary law changes to support commercial tenants and landlords impacted by COVID-19. These changes aim to make it easier to retain lease arrangements and get back to business as usual. More information and guidance can be found from the Ministry of Justice: <a href="https://www.justice.govt.nz/about/news-and-media/covid-19-news/guidance-for-commercial-property-settlements/">https://www.justice.govt.nz/about/news-and-media/covid-19-news/guidance-for-commercial-property-settlements/</a></p>
<b>Support for Māori communities and businesses</b>	<p>Māori communities and businesses (including Māori founded start-ups) can access help tailored to meet the specific needs of Māori in the face of COVID-19. These include:</p> <ul style="list-style-type: none"> <li>• A Whānau Māori Community and Mārae package reprioritising \$10 million from the Māori Development vote to support community outreach</li> <li>• A Māori Health and Whānau Ora response with \$30 million targeted directly to Māori Health services and an extra \$15 million to Whānau Ora commissioning agencies supporting Māori Businesses and engaging with Māori with \$1 million of</li> </ul>

	<p>funding to enable a needs assessment for Māori businesses, and \$470,000 to Te Arawhiti to engage and work with iwi on their COVID-19 pandemic response plans.</p> <p><a href="https://www.tpk.govt.nz/en/whakamahia/maori-business-growth-support">https://www.tpk.govt.nz/en/whakamahia/maori-business-growth-support</a></p>
<b>Insolvency relief for companies impacted by COVID-19</b>	<p>New legislation is underway to help all companies facing insolvency due to COVID-19 to remain viable. Companies Office has more information about the changes:</p> <p><a href="https://www.companiesoffice.govt.nz/news-and-notice/insolvency-relief-for-businesses-impacted-by-covid-19/">https://www.companiesoffice.govt.nz/news-and-notice/insolvency-relief-for-businesses-impacted-by-covid-19/</a></p>
<b>Export Business Continuity Service</b>	<p>New Zealand Trade and Enterprise (NZTE) has launched a new service for its export customers, including start-up businesses. This will provide them with bespoke professional services, conducted by KPMG, PwC or Deloitte, to help them manage the impacts of COVID-19 on their business, including business continuity planning, scenario planning, business remodelling, and supply chain readjustment. Any NZTE customer should contact its Customer Manager for details.</p> <p><a href="https://covid19.nzte.govt.nz/">https://covid19.nzte.govt.nz/</a></p>
<b>NZ Marketplace</b>	<p>The Government understands that New Zealand start-up companies have extra or need additional resources at this time. 'Resources' might include workforce, materials, technology, manufacturing capacity, storage, freight, and so on. New Zealand Trade and Enterprise has created an online marketplace to help New Zealand exporters find offers and requests for resource:</p> <p><a href="https://nz-marketplace.nzte.govt.nz/">https://nz-marketplace.nzte.govt.nz/</a></p>
<b>Tariff concessions on imports of COVID-19 related products</b>	<p>New Zealand is temporarily removing tariffs on all medical and hygiene imports needed for the COVID-19 response.</p> <p><a href="https://www.beehive.govt.nz/release/tariff-concessions-covid-19-related-products">https://www.beehive.govt.nz/release/tariff-concessions-covid-19-related-products</a></p>