



PEOPLE
BUSINESS
EMPLOYMENT LAW

WGANZ BULLETIN 25 March 2020 - COVID-19

Government's Financial Support for Business

Details of the latest financial support for business from the main Government site on Covid-19 can be found [here](#), with similar information, more details and a link to an application form on the Work and Income (MSD) [site](#).

It has obviously been a major undertaking to put it all together, and some blank spots are to be expected. We highlight those, together with some key points.

COVID-19 Leave Payment

In essence, a Leave Payment of \$585.80 per employee working 20 hours per week or more and \$350 for less than 20 hours per week is available if employees:

- need to self-isolate (as determined by the [Ministry of Health guidelines](#)),
- cannot work because they are sick with COVID-19, or
- cannot work because they are caring for dependents who are required to self-isolate or are sick with COVID-19.

The MoH guidelines require self-isolation –

- If you arrived in New Zealand from any country in the last 14 days, you should self-isolate for 14 days from the date you departed the last country you visited. If you arrived more than 14 days ago, you do not need to self-isolate.
- If you have been in close contact with someone confirmed with COVID-19, you should self-isolate for 14 days from the date of contact.

The COVID-19 Leave Payment will be available for 2 weeks at a time and can be applied for more than once. It is in addition to sick leave under the Holidays Act and is available whether or not an employee has sick leave available to them.

Confusingly, Work and Income and Employment New Zealand continue to advise that employers and employees can agree to use any form of paid leave (eg annual leave) to cover their period of self-isolation. This is the advice given when Novel Coronavirus arrived on the scene, but in view of the Government's support package it is not clear why this is an option.

Payment is claimed [online](#) from MSD by the employer, with payment within 5 days. The full payment must be passed on to the employee.

Note: This is a reasonably limited option at the moment, but it could change as the number of confirmed cases rise.

COVID-19 Wage Subsidy

A wage subsidy of \$585.80 per employee working 20 hours per week or more and \$350 for less than 20 hours per week is available to employers who have or expect a 30% drop in monthly revenue between January and June compared to last year, as a result of COVID-19. Businesses less than a year old can compare to the previous month.

The scheme includes some anti-fraud protection for the Government.

Another requirement, which is not yet clear, is that you “must have made best efforts to retain employees and pay them a minimum of 80% of their normal income for the subsidised period”. We are trying to establish what “best efforts mean”.

It's also not clear whether the subsidy allows employers to drop pay to 80% while receiving the subsidy.

Gross or net?

The Wage Subsidy is gross, so there is no GST or tax to pay for employers. But as the subsidy is paid to employees as part of their normal wages, the usual deductions (PAYE, Student Loan, Kiwisaver) must be made, as Work and Income explains [here](#).

Further bulletins will follow as soon as questions are cleared up.

This bulletin is brought to you by the Window and Glass Association's free employment helpline 0800 692 384. If you have any questions or would like to discuss the bulletin above, please call Philip or Anthony on the helpline.
