

# The Economic Response to COVID-19

Yesterday the Government announced an extra spend of \$12.1 billion for businesses, beneficiaries, pensioners and the health system.

\$8.7 billion will be in support of business and jobs in New Zealand in an effort to cushion the economic impact on households and firms by boosting both cash flow and confidence in the economy.

Here's what you need to know:

- Wage subsidies will be available if your business has been affected by a decline in revenue of 30% or more for any month between January 2020 and June 2020, compared to last year.
- Employees and sole traders required to self-isolate will be entitled to eight weeks of wage support. Note that this does not apply if you have the ability to work from home.
- Benefits will increase by \$25 per week from 1 April.
- Winter energy payments will double.
- The in work tax credit (IWTC) will no longer require a test of hours.
- The provisional tax threshold will lift from \$2,500 to \$5,000 from 1 April. The impact of this is a delay in your tax payments.
- The IRD will consider waiving interest and late payment penalties for those affected by corona virus.
- Depreciation deductions of 2% for commercial and industrial buildings will be reinstated for the 2021 year.
- Businesses will be able to write off low value assets up to the value of \$5,000 and \$1,000 in the longer term. The threshold currently sits at \$500.

**The best thing you can do is be prepared. We are here to support you.  
Please contact us if you have any queries or issues.**



To keep up to date with the latest information from MBIE, including lots of useful resources, follow this [link](#).

With the world facing unprecedented challenges, the importance of maintaining stability, minimising disruption, and ensuring that cash keeps flowing cannot be overlooked.

Stay safe. Look after yourselves, your family and your employees.