



COVID-19: Some business support gets a red light

As we farewell the “Alert Level” system on Friday 3 December 2021, we inevitably farewell some of the business support options which have a link to Alert Levels.

The Wage Subsidy requires part of New Zealand to be at Alert Level 3 and the Resurgence Support Payment requires part of New Zealand to be at Alert Level 2; the 4 tier Alert Level system doesn't easily collapse into a traffic light system.

The Government has advised that there will be some transitional support available, but to date the details are limited. What we do know is that support is likely to be more targeted toward “red areas” and there may be a “transition grant” made, focused on Auckland businesses. Work is being done to consider whether businesses which could, but do not, use vaccine certificates should continue to be eligible for business support.

The Taxation (COVID-19 Support Payments and Working for Families Tax Credits) Act 2021 was tabled in Parliament on 23 November 2021 and enacted on 25 November 2021. It introduces an ability for the Governor-General, by Order in Council, to authorise grants to be made to eligible

persons financially affected by a public health measure, business circumstance or a matter related to COVID-19. While we await further details of what support will actually be available, it's important that businesses consider whether they have a need for further support, and whether (if they've not claimed to date) applications should be made for the existing support.

It's important to note that applications for the first 3 rounds of the Resurgence Support Payment close on **1 December 2021** and rounds 4-6 close on **13 January 2022**.

The Wage Subsidy

An eighth round of the Wage Subsidy opened on Friday 26 November and applies where there is a 40% reduction in revenue between 23 November – 6 December 2021 due to Alert Level 3 settings or the application of the COVID-19 Protection Framework in Auckland.

The Wage Subsidy settings have remained steady throughout the eight rounds of the scheme. Our [previous articles](#) summarise how the Wage Subsidy works.

With the move into the COVID-19 Protection Framework on Friday 3 December, it's unclear whether there will be further rounds of the Wage Subsidy. If there are, the settings will need to change to no longer refer to Alert Level 3. Many businesses will be hoping for a post lockdown surge in sales, meaning there may be fewer businesses requiring any ongoing support. The number of businesses claiming the wage subsidy has been steadily declining, the following table outlines the claims made for the six rounds of the Wage Subsidy which have been completed to date:

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Wage Subsidy Round	Total applications	Approved applications	Amount Paid (\$000)
WS#1	342,051	288,825	\$1,326,215
WS#2	265,254	222,738	\$933,066
WS#3	191,508	160,206	\$614,145
WS#4	155,475	136,719	\$473,266
WS#5	141,402	123,630	\$423,516
WS#6	130,920	112,758	\$359,045
Total	1,226,610	1,044,876	\$4,129,257

Resurgence Support Payment

The Resurgence Support Payment (RSP) has gone through a number of changes during this outbreak. Originally it was intended to be a single payment but has instead had six rounds of payments

available. The value of the RSP doubled from the fifth round.

Details of the RSP eligibility criteria are available [here](#).

RSP payment	Revenue loss period	Payment amount	Application closing date
1	17 August 2021 – 1 November 2021	\$1,500 + \$400 per FTE	1 December 2021
2	8 September 2021 – 1 November 2021	\$1,500 + \$400 per FTE	1 December 2021
3	1 October 2021 – 1 November 2021	\$1,500 + \$400 per FTE	1 December 2021
4	22 October 2021 – 1 December 2021	\$1,500 + \$400 per FTE	13 January 2022
5	5 November 2021 – 1 December 2021	\$3,000 + \$800 per FTE	13 January 2022
6	19 November 2021 – 1 December 2021	\$3,000 + \$800 per FTE	13 January 2022

As of 18 November, the following amounts have been paid out under the first five rounds of the RSP:

RSP payment	Number of customers	Amounts paid (\$000)
1	212,030	\$632,778
2	130,458	\$374,076
3	95,164	\$260,754
4	70,582	\$189,281
5	37,532	\$190,694

As New Zealand gradually returns to a more “normal” state, it’s important that businesses which have accessed either the Wage Subsidy or the RSP ensure that they have met all the relevant eligibility criteria.

Other support

The existing Small Business Cash Flow Loan Scheme, Leave Support Scheme and Short-Term Absence Payment should remain available for businesses to access, these schemes are not directly connected to the Alert Level framework.

Housekeeping

As New Zealand gradually returns to a more “normal” state, it’s important that businesses which have accessed either the Wage Subsidy or the RSP ensure that they have met all the relevant eligibility criteria. The Wage Subsidy, in particular, has been run on a high-trust model and

businesses were able to claim the subsidy on the basis of anticipated revenue losses. A number of subjective criteria also need to be satisfied for both the Wage Subsidy and the RSP. We’ve found in many instances that minimal effort has been put toward documenting eligibility beyond the objective revenue loss test. It is a requirement of both schemes that evidence is prepared and held available for review. Given all receipts of the [Wage Subsidy](#) and the [RSP](#) can be seen on public registers, those who have claimed these payments should be verifying entitlements and making repayments to the extent eligibility criteria have not been met. Obviously, all claims

could be reviewed by either the Minister of Social Development or Inland Revenue, but we’ve also seen an increasing number of businesses having claims queried as part of external audits and also when a business sale is being contemplated. We strongly urge everyone to ensure documentation is in place. You can read more about getting audit-ready [here](#).

For more information about how your business can be supported through this COVID-19 outbreak, please contact your usual Deloitte advisor.

Contact:



Robyn Walker
Partner
(04) 470 3615
robwalker@deloitte.co.nz



Bill Hale
Partner
(09) 303 0813
bihale@deloitte.co.nz



Andrew Button
Partner
(03) 363 3820
abutton@deloitte.co.nz

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