

Polson Higgs Advice XI – New Loan Scheme, Free Webinar, Tax Changes and more . . .

Level 3, sees us all one step closer to a return to our new normal. Whilst the Polson Higgs team has continued to work from home, it is great to see so many businesses open again and the takeaways have never tasted better. There has been a major new policy with a new loan scheme to support small businesses and there are still questions about how existing policies will apply.

In this newsletter we will cover:

- Loan scheme to support small business
- Business Finance Guarantee Scheme
- Economic Updates
- Tax Changes
- Level 3 and Wage Subsidies
- Young Enterprise Scheme
- Bit of a laugh

Loan scheme to support small business – The Small Business Cashflow Loan Scheme was announced today and will provide assistance of up to \$100,000 to firms employing 50 or fewer, full time equivalent employees. The loans will be interest free if they are paid back within a year, and after that the rate will be 3% for a maximum term of five years. There is a payment holiday for the first two years. The applications will open on 12 May and be administered by the IRD. The loans are available for self employed and sole traders (up to \$11,800).

The \$100,000 is calculated at \$10,000 per firm and in addition \$1,800 per equivalent full time employee. The eligibility criteria are the same as for the Wage Subsidy Scheme. Businesses will also have to declare that they are a viable business, they will use the money for core business operating costs and enter into a legally binding loan contract. If you have any questions about the Loan scheme to support small businesses or you need assistance with your application please email covid19@ph.co.nz.

Business Finance Guarantee Scheme – Back in March the Government announced a scheme to support small- and medium-size businesses with an 80% Government guarantee of the credit risk (see our March 27 Newsletter <http://www.ph.co.nz/assets/Uploads/Client-Advice-III.pdf>), the criteria for those loans have now been altered with the removal of the General Security Agreement. As cash reserves dry up, many businesses will be looking at ways to raise additional capital, including additional lending. Because of this, we have arranged for Vinnie Booiman from

the BNZ to present a **free 15 minute webinar** on “The Business Finance Guarantee Scheme and other ways your Bank can help” on Tuesday 5 May at 2.00. To register to attend **[click here](#)**.

Economic Updates - To assist our clients better understand how the economy is performing, the Team at Polson Higgs has arranged for the leading, independent, New Zealand economist, Tony Alexander, to provide weekly 15-minute updates on the economy every **Friday at 2.00 pm until 8 May**. If you would like to register for the updates **[click here](#)** . Use your Promotional code of **PHClient** to register for free. If you have a question you would like to ask Tony about your industry please email **covid19@ph.co.nz**.

Tax Changes – Yesterday the COVID-19 Response (Taxation and other Regulatory Urgent Measures) Bill was passed through parliament and now awaits Royal Assent. This gave effect to the changes outlined in our 15 April Newsletter (check out **<http://www.ph.co.nz/assets/Uploads/Client-Advice-IX.pdf>**) and sees the introduction of the “Loss Carry-Back Schemes”. Both of these and the other changes have significant impact on businesses. If you have questions about how these changes will apply to your business and your provisional tax payments, then please don’t hesitate to contact a Partner or Manager (their contact details can be found on the front page of our website **www.ph.co.nz** or you can contact Reception on 03 477 9923 who will be able to direct you to someone who can assist).

Level 3 and Wage Subsidies – Many businesses have been able to return to work this week with the move to Level 3. This has raised questions as to whether any of the subsidy will need to be repaid now that work has resumed.

When you applied for the subsidy, you declared that:

- your business experienced a minimum 30% decline in actual or predicted revenue **over any one month from Jan 2020 to June 2020**, when compared with the same month last year, and
- that decline is related to COVID-19.

You don't have to repay the wage subsidy if your business has experienced (or predicted to experience before June) a minimum 30% decline in actual revenue, whether your business is able to open or not.

When you applied for the subsidy, you also declared that for the period you receive the subsidy (12 weeks) you will:

- use your best endeavours to pay at least 80 per cent of each named employee’s ordinary wages or salary; and
- pay at least the full amount of the subsidy to the employee; but
- where the ordinary wages or salary of an employee named in your application was lawfully below the amount of the subsidy before the impact of COVID-19, pay the employee that amount.

If you have any questions about the wage subsidy please email us on **covid19@ph.co.nz**.

Young Enterprise Scheme – Polson Higgs is proud to be one of the sponsors of the Young Enterprise Scheme in Otago. With many alumni of the scheme in our team we understand the important role it plays in creating tomorrow's entrepreneurs. The teams have been working hard during the lockdown, and will be preparing for the "Pitch Day" event in June (with restrictions allowing, will be in our Board Room). Check out this video <https://www.youtube.com/watch?v=6CnbNs7zldY>.

Bit of a laugh – The Partners at Polson Higgs have created their own video on Level 3 that you can view here https://www.facebook.com/polsonhiggsbusinessadvisors/videos/249140956456656/?epa=SEARCH_BOX and if you want a laugh here are the bits that didn't make it. <https://youtu.be/qZc0wnxofQc>

New Webpage - We have added a new page to our website and are gathering different resources for you to use. Check out <http://www.ph.co.nz/expertise/covid-19/>

If you have a question about anything please don't hesitate to ask on covid19@ph.co.nz.

Stay safe and keep in touch.

Kind regards

Polson Higgs Team

