

# NEWSLETTER

June 2020

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***Never confuse movement with action!***

## DB CHARTERED ACCOUNTANTS LTD

In this newsletter we include updates on COVID-19 assistance including the Small Business Loan and the Wage Subsidy.

We have a reminder about the rules regarding expensing assets, additional planning ideas and a book review.

If you have any queries from the information in our newsletter feel free to contact us.

### IRD CORRESPONDENCE

There has been an increase in automated letters sent out by Inland Revenue that appear to have been generated because of a recent system upgrade. Recent correspondence includes repayment demands for donation rebates that were paid by IRD in error. Please do not be concerned/alarmed if you receive a letter or payment demand, just let us know and we can follow this up for you.

### COVID19 – SMALL BUSINESS CASHFLOW (LOAN) SCHEME (SBCS)

This package was announced in May 2020 and makes available to businesses, impacted by Covid19, an additional loan to assist with business cash flow. In summary the scheme provides.

- \$10,000 to every business
- an additional \$1,800 per equivalent full-time employee
- interest free if the loans are paid back within a year
- an interest rate of 3% for a maximum term of five years
- repayments not required for the first two years.

Inland Revenue will administer the payments and repayments of this scheme to provide immediate support to businesses that have been adversely impacted. To be eligible for the SBCS loan a business or organisation needs to be viable and you must have a plan to ensure it remains viable.

Applications are due to close on 24 July 2020.

### COVID-19 WAGE SUBSIDY – EXEMPT FROM GST

When completing your GST Return please remember that the employer will NOT be liable for GST and the subsidy is not to be included as income in your GST Return.



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## ASSET PURCHASES – CURRENT (2021) FINANCIAL YEAR

As advised in our last newsletter there is an increase in the asset write-off threshold.

The low-value threshold has been raised to allow the immediate expensing of assets that cost less than \$5,000 in the 2020-2021 income year.

This is a temporary increase for assets purchased in the 12 months from 17 March 2020. After 17 March 2021 the threshold will reduce back to \$1,000. Instead of depreciating assets over time, any assets purchased under these thresholds can be claimed as an expense.

As an example if you purchase a computer for \$4,000 on:

1 March 2020	depreciable asset
25 March 2020	tax deductible expense
20 July 2020	tax deductible expense
25 March 2021	depreciable asset

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## WAGE SUBSIDY UPDATE

### DO I NEED TO REPAY THE SUBSIDY I HAVE RECEIVED?

If you anticipated that your business would suffer a 30% or more decline in revenue in any month between January and June 2020, but the decrease never arose, you may find you no longer qualify for the wage subsidy that you received.

You do not qualify for the subsidy if;

- a 30% drop in actual or predicted revenue has not occurred
- you are no longer using the subsidy to retain and pay your employees
- you received insurance for costs which were also covered by the wage subsidy

If you do not think you are eligible for the wage subsidy that you received, you can repay it using the online form <https://workandincome.govt.nz/form/workandincome/govt/nz/form.reg2?requestType=workandincome-govt-nz-wagesubsidy-refund-form>

You will need to include the following information:

- Business name
- IRD number
- New Zealand Business Number (NZBN), if you have one
- Phone number
- Email address
- Postal address
- Amount you need to repay

### WAGE SUBSIDY EXTENSION

A Wage Subsidy Extension will be available to employers (including sole traders), who are still significantly impacted by COVID-19 from 10 June 2020 until 1 September 2020, so that employers can keep paying their employees.

You can only apply for the Wage Subsidy Extension for an employee after their 12 week Wage Subsidy has finished. Applications open from 10 June 2020.

In order to qualify for the extension you must have had, or expect to have, a revenue loss of **at least 40%** for the 30 days before you apply, compared to the closest period last year.

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It will cover **8 weeks** per employee from the date you submit your application and will be paid to you as a lump sum at the same weekly rate as the original Wage Subsidy.

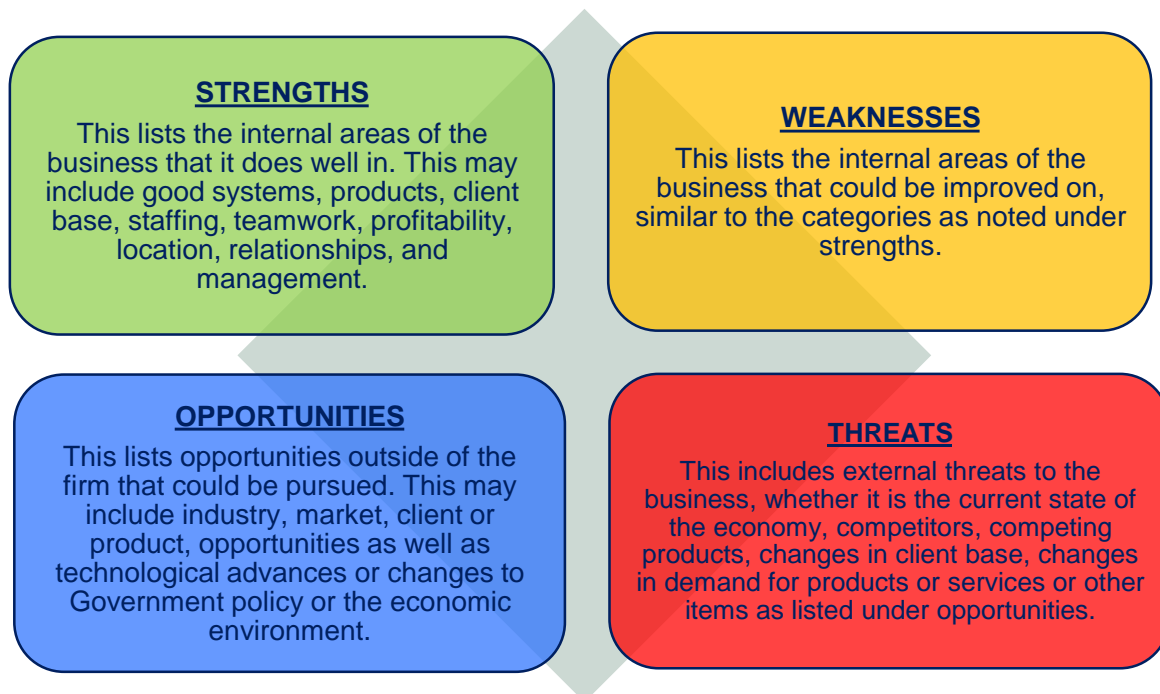
You'll need to agree to certain obligations, such as to:

- pass the subsidy on to your employees
- retain your employees for the duration of the subsidy
- do your best to pay your employees at least 80% of their normal pay
- take active steps to mitigate the impact of COVID-19 on your business.

## FUTURE PLANNING

In our April 2020 Newsletter we covered off some key steps you can take when assessing your response to the impact of COVID-19.

When assisting business owners with their business planning, among other things, we will often go through a SWOT analysis with them. This is an analysis of the business **Strengths, Weaknesses, Opportunities and Threats**. This is summarised below:



Analysing your situation using the above framework can help clarify in your mind what areas of the business you can focus on for the longer term.

This model can be used for any type of organisation or even at an individual level. If you need assistance with your planning we are only a phone call or e-mail away.

## JOKES

A thief broke into my house last night...He started searching for money so I woke up and searched with him.

Yesterday I saw a man spill all his Scrabble letters on the road.  
I asked him, "what's the word on the street?"



## BOOK REVIEW – PERFORM UNDER PRESSURE

### DR CERI EVANS (2019)

Ceri Evans is a forensic Psychiatrist who has been a leading consultant to the All Blacks.

In this book he identifies the issues of performance under pressure and how the brain reacts to, and in, certain situations. The book provides a framework to identify your response to situations and how to move from an ESC-APE model (the pressure of Expectations, Scrutiny, Consequences – and Aggressive, Passive or Escaping responses) to an IMP–ACT model (assessing the Intention, Moment, Priority and being Aware, Clear and Task focussed).

It covers different scenarios and types of performances where pressure is involved. This includes business owners who are dealing with the pressures of running a business, personal situations, work, sports and other areas of life.

The book provides a good overview of how the brain naturally reacts under pressure and provides guidance on the tools you can use to step back and respond to get the most out of any performance situation.



## TAX PAYMENTS

To pay tax without having the use of internet banking you can now pay your tax in Westpac Branches or Smart ATM. Payments must be made with either cash or eftpos, however, you will now need to have a barcode to ensure the payment goes to the right place.

Paper returns for GST and PAYE received from the IRD will have this barcode attached at the bottom of the return. If we complete your GST, PAYE returns or send you paper tax letters then we can provide you with this barcode.



Tax payment barcodes can be produced via this IRD link

<https://www.ird.govt.nz/barcode/>

## IMPORTANT TAX DATES



28 June	Third Instalment 2020 Provisional Tax due (May Balance Date) GST payment due (2 monthly for May 2020)
28 August	First instalment 2021 Provisional Tax Due (March Balance Date) GST payment due (2 monthly March)
20 <sup>th</sup> of each month	PAYE payment (remember to file online within 3 working days after wages payment has been made)

### JOKE

*A mother was making pancakes for her sons, Liam, 5, and Ryan, 3. They were arguing over who would get the first one. Their mother saw the opportunity for a moral lesson: If Jesus was sitting here, he would say, "Let my brother have the first pancake, I can wait." Liam turned to his younger brother and said, "Ryan, you be Jesus!"*

If you would like to discuss anything mentioned in our newsletter, please contact us at:

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