

## Important message for Businesses

The Minister of Finance has announced a second payment of the Resurgence Support Payment (RSP) for the alert level increase that started on 17 August.

The announcement says businesses will need to show a 30% or more drop in revenue in a 7-day period from 8 September until immediately before all of NZ returns to Alert Level 1 compared to a typical 7-day period in the 6 weeks before 17 August.

The payment will stay as \$1,500 plus \$400 per full-time equivalent (FTE) employee up to a maximum of 50 FTEs, or four times the actual revenue decline experienced by the applicant, whichever is less.

Applications will open for the second payment at 8am on Friday 17 September on Inland Revenue's website, [ird.govt.nz](http://ird.govt.nz).

Businesses and organisations will be able to apply for the second payment even if they have received the first payment.

Applications for both payments will remain open until 1 month after the whole of Aotearoa New Zealand returns to alert level 1.

**Reminder:** The eligibility criteria also changed for newer businesses on 9 September 2021, please visit our website for more information: [ird.govt.nz/covid-19/business-and-organisations/resurgence-support-payment/eligibility](http://ird.govt.nz/covid-19/business-and-organisations/resurgence-support-payment/eligibility)

More information on RSP can be found on our website at [ird.govt.nz/covid-19/business-and-organisations/resurgence-support-payment](http://ird.govt.nz/covid-19/business-and-organisations/resurgence-support-payment)

### Further support for businesses

Since the start of the recent Covid-19 outbreak we have received quite a few queries about managing return filing, making payments, and avoiding penalties and interest. The below information may help answer any questions you have about the support options available to you.

#### What to do if you can't pay the amount due

As you know, IR no longer accepts cheques. We're aware that this may impact customers who are unable to go to Westpac and pay over the counter (due to COVID-19 restrictions). There are other ways to make payments during this time, for more information you can refer to [ird.govt.nz/managing-my-tax/make-a-payment/ways-of-paying](http://ird.govt.nz/managing-my-tax/make-a-payment/ways-of-paying).

We understand that you may have concerns, but want to reiterate that, if you are unable to pay your tax in full and because you have been adversely affected by COVID-19, you should get in touch with us as soon as practicable to set up an instalment arrangement.

If you've already advised you are adversely impacted by COVID-19, and you pay the outstanding core tax as soon as practicable we'll automatically write-off any penalties and interest.

### **Requesting an instalment arrangement:**

You can set up a payment arrangement in myIR – more information is available on our website at [ird.govt.nz/managing-my-tax/debt-and-insolvency/apply-for-an-instalment-arrangement-in-myir](https://ird.govt.nz/managing-my-tax/debt-and-insolvency/apply-for-an-instalment-arrangement-in-myir)

### **It's still important to file returns**

It is important that you continue to file your returns on time. The information in your returns gives us a more complete picture of your financial position. This is particularly important as evidence of ongoing business activity is required to ensure that applications for RSP, Small Business Cashflow Scheme and applications for the wage subsidy (through MSD) progress quickly.

In addition, the information in those returns provides important information to the Government and helps it continue to respond to what is happening in the economy.

### **How to inform us that you are adversely affected by COVID-19**

You are able to request Use of money interest (UOMI) and penalty remission due to COVID-19 through myIR under the "I want to" menu. Please choose 'Notify of impact by COVID-19'.

By making a request for remission you will be asked to confirm that:

- Some, or all of the amounts owing were due on or after 14 February 2020,
- Your ability to pay by the due date, either physically or financially, has been significantly affected by COVID-19,
- You have contacted the Commissioner as soon as practicable to request relief and you will pay the outstanding core tax as soon as practicable.

Once the web submission has been processed, an indicator will be added for your account, along with a start date.

**Note:** Since these Covid remissions were introduced last year, we have remitted UOMI of more than \$17 million dollars for 96,000 customers and suppressed another \$71 million for 21,000 customers who have a current payment arrangement.

### **Wider Government support available for businesses adversely impacted by COVID-19**

There are a wide range of support measures available for businesses. A summary is in the table below, and full details are available on the [business.govt.nz](https://business.govt.nz) webpage [Financial support for businesses — business.govt.nz](https://business.govt.nz/financial-support-for-businesses).

|  | Alert Level 1 | Alert Level 2 | Alert Level 3 | Alert Level 4 |
|--|---------------|---------------|---------------|---------------|
| Wage Subsidy Scheme                    |               |               | yes           | yes           |
| Resurgence Support Payment             |               | yes           | yes           | yes           |
| Leave Support Scheme                   | yes           | yes           | yes           | yes           |
| Short-Term Absence Payments            | yes           | yes           | yes           | yes           |
| Small Business Cashflow (Loan) Scheme) | yes           | yes           | yes           | yes           |
| Business Debt Hibernation              | yes           | yes           | yes           | yes           |

## How to contact us

Inland Revenue is still working on all critical matters related to tax entitlements and payment obligations.

Our offices are currently closed for customer visits so we can support the government's COVID response.

The most effective way to contact is online – preferably through your myIR account. We have more information on our website [ird.govt.nz/covid-19](http://ird.govt.nz/covid-19).

## Wage Support Subsidy

The Ministry of Social Development (MSD) is the government organisation responsible for the administration of the wage subsidy. Any questions relating to how and when it is administered should be referred to MSD. More information can be found on their website [workandincome.govt.nz/covid19support](http://workandincome.govt.nz/covid19support).

## UOMI and more technical detail

To assist customers, the Commissioner already has a number of financial relief and remission provisions in the Tax Administration Act 1994 (TAA), including the new provision introduced last year (section 183ABAB of the Tax Administration Act 1994) giving the Commissioner the ability to remit use of money interest (UOMI) charged if the taxpayer's ability to pay tax on time has been significantly adversely affected by the COVID-19 outbreak.

That provision includes both when a taxpayer is physically unable to make a tax payment on time and also when a taxpayer is financially unable to make a tax payment on time because of the economic effects of the COVID-19 outbreak. That relief is available once the core tax has been paid in full. This discretion applies to tax payments due on or after 14 February 2020.

The Commissioner's ability to remit interest under s 183ABAB will currently apply until 24 March 2022. Work is currently underway to extend that application period beyond 24 March 2022.

For the sake of consistency, Inland Revenue intends to use the same dates in considering relief more generally for those customers adversely affected by COVID-19.

The principles below that apply to considering section 183ABAB, will also be applied when considering other forms of relief from penalties for those customers who have seen significantly adversely affected by COVID-19.

It is important that you continue to file your returns on time (or as soon as you can safely do so) even if you may not be able to pay the tax on time. If you can pay your taxes on time, continue to do so.

The following special provisions will apply only to those customers who have been significantly adversely affected by the COVID-19 outbreak.

It is important to remember each taxpayer will have circumstances unique to them and this reflects the broad tenor of the Commissioner's position in respect of the current environment.

### **The type of relief available for new debt due to COVID-19**

- Instalment arrangement
- Instalment arrangement - deferred payment start date
- Partial write-off due to serious hardship and payment of the remaining tax by instalment or a lump sum
- Partial payment and write-off the balance under maximising recovery of outstanding tax
- Write-off due to serious hardship

### **When the Commissioner will remit penalties and UOMI**

To be eligible for remittance of penalties and UOMI, the taxpayer must meet the following criteria:

- The taxpayer has tax that is due on or after 14 February 2020;
- The taxpayer's ability to pay by the due date, either physically or financially, has been significantly affected by COVID-19;
- The taxpayer will be expected to contact the Commissioner as soon as practicable to request relief and will also be required to pay the outstanding tax as soon as practicable.

It is the Commissioner's view that a customer has been significantly adversely affected by COVID-19 financially where the customer's income or revenue has reduced as a consequence of COVID-19 and that as a result of that reduction in income or revenue is unable to pay their taxes in full and on time.

"As soon as practicable" will be determined on the facts of each case. For guidance, the Commissioner considers the term means that so long as the customer applies for the relief at the earliest opportunity that they can safely do so and agrees to an arrangement that will see the outstanding tax paid at the earliest opportunity or will be paid over the most reasonable period given the customer's specific circumstances.

Those customers who require further assistance at a later date, such as renegotiating the terms of an arrangement, should contact Inland Revenue at the earliest opportunity after determining they will have difficulty in paying the tax as agreed. So long as the customer completes an arrangement (even if it may have been amended at the customer's request during the period of the arrangement), the Commissioner will accept that by entering into and completing that arrangement, the test for "as soon as practicable" in respect of paying the tax will have been met.

Interest and penalties will continue to accrue for those customers who enter into arrangements. However, when the arrangement is completed and we have already established the customer meets the criteria for remission, that interest will be automatically cancelled without the need for the customer to apply to have it remitted.

### **Information to be provided when requesting relief**

Inland Revenue is trying to minimise the information we would ask to be provided during these unusual times. By continuing to file GST and other returns we will have a lot of the information we would normally ask that you provide to us. However, customers should be able to provide, if asked, at least three months banks statements and credit card statement; any management accounting information; a list of aged creditors and debtors. We will not ask for that information in every case, but the information should be available if we do ask for it.

For businesses, Inland Revenue will be looking to understand the customer's plan to sustain their business. We understand you might not be able to get all this information at this time given the COVID-19 lockdown. We will work with you based on what you know and are able to access at this time and will continue to do so as more information becomes available.

### **Pre-existing debt prior to COVID-19**

Customers who may already be in an arrangement but consider they may not be able to continue with the current terms due to being significantly affected by COVID-19 may ask to renegotiate the instalment arrangement. Any of the above options may be appropriate and each case will be considered on its own facts. Customers are encouraged to contact Inland Revenue as soon as they believe they will have difficulty in meeting their current arrangement.

Customers who do not have their debt under an arrangement, should contact Inland Revenue as soon as possible to discuss what options may best suit their particular circumstances