

COVID-19 UPDATE

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FitzherbertRowe
— LAWYERS —

Wage Subsidy Extension

On 14 May the Government announced the Wage Subsidy Extension scheme as part of its COVID-19 Response and Recovery Fund. The scheme will be available for all employers, including sole traders.

The scheme is open for applications from **10 June until 1 September 2020**.

Under the scheme, employers will receive a **lump sum 8-week payment per named employee**. The same weekly payment rates have been used for the Wage Subsidy Extension. They are:

- \$585.80 (gross) per week for full-time employees, where full-time is 20 hours or more per week,
- \$350.00 (gross) per week for part-time employees, where part-time is less than 20 hours per week.

QUESTIONS & ANSWERS

Question	Answer
<p>How do I know if my business is eligible?</p>	<p>You can only apply after any other COVID-19 payments you received have ended. This means your original Wage Subsidy period (12-weeks) must have finished before you apply (and/or the 4-week period for Leave Support must have ended).</p> <p>There is a higher threshold for eligibility than under the original scheme. You will need to show that you have, or expect to have, a revenue loss of at least 50% for the 30 days prior to your application when compared to the same (or compatible) period last year. For the original scheme, the requirement was only 30%.</p>
<p>Do I have to comply with any obligations under this scheme?</p>	<p>Again, there will be obligations like that of the original Wage Subsidy Scheme, however we expect to see more information on this before 10 June. At this stage, the guidance is that an employer will have to:</p> <ul style="list-style-type: none"> - Pass the subsidy on to the named employees, - Retain the named employees for the duration of the Wage Subsidy Extension period (8-weeks), - Do their best to pay their employees at least 80% of their normal wage, and - Undertake steps to mitigate the effects of COVID-19 in the business (this may include contacting their bank, making an insurance claim, or using their business continuity plan). <p>The scheme does not change any existing employment law obligations.</p>
<p>Can I apply for the Extension while receiving the Leave Support Subsidy (or Wage Subsidy) for one of my employees?</p>	<p>You can only receive one COVID-19 payment per employee at a time. You can apply for the Extension for an employee whose payment has finished. You may have to complete a separate application for any other employees whose subsidy has not yet expired. Note, this may mean a different 30-day comparison period is required.</p> <p>The original Wage Subsidy period of 12-weeks commences from the date you made your original application. This is the same for the Leave Support Subsidy, except it will have only a 4-week duration.</p>

I am a new business ; how do I make the comparisons to show revenue loss?	New businesses and pre-revenue research and development start-up firms recognised by the Callaghan Innovation can apply but will have a different calculation period. More information will be provided on this prior to 10 June, so keep checking the Work and Income website for guidance.
I have not applied for the original Wage Subsidy scheme. Can I still apply?	Yes, you can still apply for the original Wage Subsidy scheme if you are eligible. For more information on the eligibility criteria tool see here .
If an employee cannot work due to self-isolation should I apply for the Extension?	You should consider applying for the Leave Support Scheme instead. This is for employees who are unable to work due to Ministry of Health advice and are self-isolating. This could be because they are unable to work from home and are a close contact with a confirmed case of COVID-19 or are at a higher risk of contracting COVID-19.

We are here to help.

If you need any further advice on your employment matter.

Please contact Alastair Hall (a.hall@fitzrowe.co.nz) or

Joelle Avery (j.avery@fitzrowe.co.nz).

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