

FAQs

for businesses impacted by COVID-19

During this uncertain time, we have put together a list of FAQs for businesses impacted by COVID-19. These FAQs are around employment and business, for any health –related questions please refer to the Ministry of Health.

Information on government support, including the Wage Subsidy and how to pay your staff is [here](#).

Application for the government Wage Subsidy is [here](#).

Some other useful information:

- The EMA has a COVID-19 website with up-to-date information [here](#).
- The BusinessNZ network has an active business-focused discussion group on Facebook called 'NZ Coronavirus Discussion Group' that you can refer businesses to for peer-to-peer support, link [here](#).
- The BusinessNZ network has a manufacturers-specific LinkedIn page (not just for Coronavirus discussion), link [here](#).
- The EMA are running webinars with experts on how to manage your business during COVID-19. For recordings and more information, please see the [EMA website](#).

Wage Subsidy

Do I need to apply for the wage subsidy extension?

For information on the wage subsidy extension, please visit the [Work and Income site](#).

I have received a partial payment or not the amount I applied for: what do I do?

Some people have been receiving partial payments. If you have received an amount that was different from what you applied for with no explanation, follow up with MSD at 0800 40 80 40.

As an employer, if one of my employees who I have made an application for voluntarily leaves during the twelve week period for another job opportunity or because of caring responsibilities, do I need to pay the money back to MSD?

No. When your employee voluntarily leaves their employment you must advise MSD, and you cannot claim any more subsidy for that person. However, you do not have to return the subsidy already paid.

What are the legal obligations for staff working on public holidays and their payment during ?

Normal employment law and the Holidays Act still apply. If your staff are working a

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public holiday then you must pay them 1.5x the amount they have been receiving. The income amount that is used to calculate holiday pay is the income people are receiving at the time the calculation is done.

Is there an amount of time I need to employ someone for after using the twelve week employee wage subsidy?

There are no specific conditions in place about this, however the point of the subsidy is to retain employment. So you must at least keep your employee till the end of the twelfth week.

If I have received the wage subsidy, but it is more than the amount that an employee normally receives, can I use those funds to go towards other employees' wages?

Yes. Please see information on this on [Work and Income's website](#).

As an employer, can I apply for the wage subsidy on behalf of my casual employee(s)?

Yes. You can apply for the Wage subsidy for any casual employee(s) that are employed by you at the time you apply and who would have been expected to work during the time you will receive the wage subsidy. Please see more detail on this on the Work & Income website.

If my business cannot afford to pay up to 80%, can I pay the subsidy rate only?

You need to be able to prove that you are doing your best to reach 80%. The point of the subsidy is to maintain employment. Employers should seek agreement with employees about any changes and be able to document it.

Is the Wage Subsidy subject to tax?

Advice from IRD regarding tax:

The COVID-19 Wage Subsidy is not subject to GST and is not taxable. However, the payment of a person's normal wages through the use of the Subsidy is subject to the usual PAYE, Student Loan, Kiwisaver deductions, etc.

Can you do multiple applications for the same employee as the situation changes for the Wage Subsidy?

No. Each business can only apply once for the Wage Subsidy per employee. For specific queries, please follow up with MSD at 0800 40 80 40.

We have been told that the subsidies incur PAYE tax, would all wage implications apply? eg: KiwiSaver, student loan repayments, child support?

Yes. This is a subsidy scheme to help employers pay wages – it doesn't change any other wage implications. In short, it is not taxable to the business (GST doesn't apply), but all normal pay deductions do apply (PAYE etc).

Please note any information or advice provided in respect of COVID-19 issues does not constitute formal legal advice and should be relied on for guidance purposes only. If you require further assistance or formal legal advice please contact EMA at 0800 300 362.

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Immigration

What about my staff who are on Work Visas or Holiday Visas?

Visas of this kind have been automatically extended to September. Information on this is on the [Immigration website](#).

Other

What are my obligations with redundancy if I have received the wage subsidy?

To meet their obligations, employers must keep all the employees they've claimed a Wage Subsidy for, employed during the subsidy period. If they must make an employee redundant during this time, they can use the Wage Subsidy to pay out a redundancy notice period. But the remaining subsidy balance must be repaid to MSD. Employers can't use the Wage Subsidy to cover any redundancy payments provided for in the employee agreement

Should I have to consider redundancy and restructure, or fairly reducing work hours for staff, what advice is available?

The EMA have legal and consultancy services that can help with this process- this gets funneled through Adviceline on (NZ) 0800 300 362 or email advice@ema.co.nz. For EMA members, we have a document called 'Restructuring & Redundancy' on the [EMA website](#).

If a business is looking at possibly restructuring to reduce staff levels because of a downturn in business, what obligation does the business have to ask staff to use up annual leave first before going down the possible restructure/redundancy pathway?

An employer can't force an employee to take leave, however a discussion with employees- particularly if they know that redundancies are likely or being considered, is recommended.

How do I manage my staff working from home?

The EMA has a helpful policy on working from home, when it's possible. Please find it on the EMA webpage [here](#).

Can Force Majeure be used in this situation if there is not a Force Majeure clause in a contract (either contractor's contract, or employment agreement)?

For questions on this, it is best to seek legal advice.