

# Wage subsidy update

**In the last few days, the government has updated their relief package and further clarity has been provided around some common questions.**

**The key changes are:**

1. The initial \$150,000 cap was removed and so large businesses are now eligible provided they meet the other criteria (30% reduction in revenue, best endeavours to pay staff 80% of wages/salaries and discussion with banks).
2. For businesses with more than 100 employees, they can upload a spreadsheet instead of needing to individually detail each employee.

**The further points clarified are:**

1. The wage subsidy is not subject to GST (you do not need to include the subsidy as a GST output when you receive the subsidy).
2. The subsidy is taxable income to the employees – therefore PAYE, KiwiSaver and similar amounts need to be withheld as usual.
3. The subsidy is not taxable income to a business or tax deductible when on-paid to employees. Therefore tax adjustments will be required for the 31 March year end.

The government has also indicated further changes may be made to the wage subsidy in coming days. For information on the subsidy please refer to: <https://bakertillysr.nz/news-hub/covid-19>

The tax specific elements of the relief package were enacted this week. In addition to those elements announced on March 17, there are changes to the research and development tax credit regime.

While your usual advisor may be working from home, they continue to be contactable during this time. If you have any queries about the above items or any other matters, please contact them.

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