

Small business to receive further support through tax changes and cashflow options

The Government announced two new schemes recently to support small and medium enterprise across New Zealand. These are a tax refund scheme and a cashflow loan scheme, both of which add to a number of measures from the Government to support New Zealand businesses.

The Government have continued to roll out measures as circumstances and restrictions change and have consistently cited the importance of the economy and preventing smaller and New Zealand owned businesses from having to close due to the circumstances of COVID-19.

The tax scheme, which is released under the COVID-19 Response (Taxation and other Regulatory Urgent Measures) Bill, allows tax refunds to be issued very quickly to businesses to allow their cash flow to return where their revenue might not have. It will be especially beneficial to businesses with non-wage fixed costs, such as rent, interest and insurance.

The Small Business Cashflow Scheme, which will apply to smaller businesses of 50 employees or less, allows the Government to provide interest free loans. These loans, of up to \$100,000, are again expected to boost the available options for businesses to cover non-wage fixed costs when they may have reduced income. This has been a big challenge for many businesses, especially during Alert Levels 3 and 4. This scheme has an eligibility criteria that is the same as the Wage Subsidy Scheme and will be open for applications from 12 May.

Resources:

Tax changes throw cash lifeline to SMEs <<https://www.beehive.govt.nz/release/tax-changes-throw-cash-lifeline-smes>> 30 April 2020

Government boosts cashflow support for small businesses
<<https://www.beehive.govt.nz/release/government-boosts-cashflow-support-small-businesses>> 1 May 2020