

Government relief for small and medium business

The government has announced another package of measures to support business, this time specifically targeting small to medium sized businesses.

The measures, which will be drafted into legislation in the coming weeks, include:

- A tax loss carry-back scheme;
- Changes to the tax loss continuity rules;
- Further business consultancy support for the next 12 months;
- Greater flexibility round tax obligations;
- Measures to support commercial tenants and landlords.

The tax loss carry-back scheme is planned to continue for the next few years and will allow businesses expecting a loss in either the 2019/2020 or 2020/2021 financial year to offset profits and receive refunded tax. This, plus proposed changes to the tax loss continuity rules, are expected to create an annual \$60 million of estimated savings to businesses.

Business consultancy support is being provided to help businesses navigate the ways that they can cover their non-wage spending without taking on extra debt and should prevent some of them from having to close permanently or take on excessive debt.

This ties in with the support measures for tenants and landlords, which are to address businesses with unoccupied commercial premises, who are struggling to pay their rent. It extends the timeframe for commercial landlords to cancel a lease and likewise increases the lender timeframes for commercial mortgages, land and goods.

These measures are in addition to the approximately \$20 billion that has already gone into supporting New Zealand businesses affected by COVID-19.

Resources:

COVID-19 (novel coronavirus) - Tax changes to support businesses

<<https://www.ird.govt.nz/Updates/News-Folder/covid19-business-changes>> 15 April 2020

Government backs business through COVID-19 <<https://www.beehive.govt.nz/release/government-backs-business-through-covid-19>> 15 April 2020