

Covid -19 Assistance for Farmers

As well as the drought a number of farmers have also been adversely affected by the Covid-19 Pandemic. In order to qualify for assistance, you must have been materially affected by the pandemic. For example, been unable to sell store stock due to the sale yards being closed or unable to stock killed due to reduced capacity at the meat works due to social distancing practices.

Wage subsidy

In order to qualify for the wage subsidy, you must have had a decrease in Gross Income of more than 30% in any month from January to June 2020 (Compared with the corresponding month last year) and that decrease was due to Covid-19.

For example, If you were only able to kill half as many steers in April 2020 as in 2019 as the works had no capacity to take them you would qualify but if you only killed half as many because you couldn't get them up to weight or killed them earlier due to the drought you would not.

The amount is \$585.80 per week for a full-time worker (20 hours or more per week) and \$350 per part time worker. You can also claim the subsidy for working owners in the business. The subsidy is paid as a lump sum for 12 weeks.

Applications are made online through the Work and Income website.

There is no GST on the subsidy. The subsidy is tax free when you receive it for employees, but you don't get a tax deduction when paying it out as wages. You need to pay tax on the subsidy received as a self-employed or working owner.

You must retain the staff members for the 12 weeks you have received the subsidy for and must pay them at least 80% of what they were earning before you got the subsidy.

Essential Workers Leave Support

As farming is an essential service you can continue to operate during the lockdown. If you have a staff member who is unable to come to work because they or a family member are at high risk of contracting the disease, they have tested positive or come into contact with someone who has, then you can apply for the Essential Workers Leave Support. The amounts are the same as the wage subsidy but are paid as a lump sum for 4 weeks not 12. If they are off work for more than 4 weeks you can re-apply.

Tax Payments

If you are unable to pay your tax on time due to physical or financial constraints caused by Covid-19 then you can apply to have all penalties and use of money interest remitted. You need to pay the tax as soon as practicable and then apply to IRD for the remission.

Other Tax Changes

The following initiatives are the governments response to the pandemic and apply to everyone, you do not need to prove you have been affected.

Low Value Assets

From 17 March 2020 to 16 March 2021 the low value asset threshold has been increased from \$500 to \$5,000. Therefore, if you buy a capital asset for less than \$5,000 you will get a full tax deduction rather than having to capitalise and depreciate. From 17 March 2021 the threshold will reduce to \$1,000.

Building Depreciation

From the 2021 tax year you will be able to claim depreciation on commercial buildings (Woolsheds, implement sheds etc. not houses). This will give you extra tax deductions and reduce your year-end tax bills.

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