

Memo to Clubs New Zealand Member Clubs
From Clubs New Zealand National Office
Date 18 March 2020
Subject Covid-19 Business cash flow and tax measures



There are a number of business cash flow and tax measures that have been announced, including:

- Giving Inland Revenue the discretion to remit use-of-money interest (UOMI) for customers significantly adversely affected by COVID-19.
- Increasing the provisional tax threshold from \$2,500 to \$5,000 from 2020/2021.
- Increasing the small asset depreciation threshold from \$500 to \$1,000 — and to \$5,000 for the 2020/21 tax year.
- Allowing depreciation on commercial and industrial buildings from 2020/2021.
- Removing the hours test from the In-Work Tax Credit (IWTC) from 1 July 2020.

Proposal to write-off use-of-money interest

To support businesses and individuals impacted by COVID-19, the Government is proposing to give Inland Revenue the discretion to write-off use of money interest (UOMI) on payments due on or after 14 February 2020 if a taxpayer's ability to make a tax payment on time has been significantly adversely affected by the COVID-19 outbreak.

Under the current proposal, UOMI could be remitted for a maximum of two years past the date of enactment, but the actual length will depend on the circumstances of each business or individual.

Eligibility

Under the current proposal, IRD may agree to write-off UOMI at their discretion, if they consider a business or individual has had their ability to pay tax on time significantly constrained by COVID-19. This proposal would cover all payment to IRD where UOMI is charged, whether they're taxes (such as income tax or GST), or other payments (such as Working for Families).

Under the current proposal, you will not have to be in a particular region or industry to get this relief.

Once legislation is passed, IRD will create guidance to help people determine if they are likely to be eligible and if they'll need to provide evidence to show they've been financially affected by COVID-19. IRD expect the criteria to be similar to the following.

- The business or individual has been significantly affected by COVID-19.
- Their income or revenue has reduced by at least 30% compared to the same month 12 months earlier (if your February 2020 income is 30% lower than your income from February 2019, for example).

- They have explored other options to support them financially, such as talking with their bank about additional finance or re-negotiated other loans/overdrafts.

Requesting a use-of-money interest write-off

Legislation to enable UOMI to be written of will be introduced into Parliament shortly. It's proposed that once the legislation is passed, it will apply for payment of interest made after 14 February 2020. There is no need for you to do anything immediately.

In the meantime, you can contact IRD for help understanding what is proposed and to help you register your interest in remission of UOMI.

Provisional tax estimates

You may be able to make an estimate or re-estimate of provisional tax, if your circumstances have changed due to the COVID-19. IRD can arrange early refunds if provisional tax has been overpaid.

[Work out provisional tax using the estimation option](#)

Unable to pay your tax

If you're having difficulty paying outstanding tax, IRD can help you set up an instalment arrangement. You can apply in myIR.

You can also apply for a write-off due to serious hardship when you know you won't be able to pay the full amount.

[Apply for an instalment arrangement in myIR](#)
[Debt and insolvency](#)

If IRD grant relief from payment due to hardship and you have losses to carry forward, these losses will be reduced in proportion to the amount written off.

Alternatively, you can send IRD a [Disclosure of financial position - IR590](#) or call them on the Adverse Events line, 0800 473 566.

Late filing and late payment

Extensions to filing dates for some income tax returns may be available. Extensions can't be granted for GST and PAYE returns, but any penalties for late filing may be remitted. Under limited circumstances penalties for late payments incurred due to the effects of the COVID-19 may also be remitted.

[Late filing penalties](#)
[Late payment penalties](#)

Other assistance

We encourage clubs to start talking with your accountant about the ways you can reduce or delay your payments to IRD. Your accountant will understand your financial situation, the various types of relief that can be obtained through IRD, and how to obtain it.