(Beehive, 2020l)
[15 Apr 2020]
[16 May 2020]

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15 APRIL 2020

Government backs business through COVID-19

HON GRANT ROBERTSON(/MINISTER/HON-GRANT-ROBERTSON)

HON ANDREW LITTLE(/MINISTER/HON-ANDREW-LITTLE)

HON STUART NASH(/MINISTER/HON-STUART-NASH)

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The Government has announced a suite of new measures to provide relief for small and medium-sized businesses during the COVID-19 pandemic.

Finance Minister Grant Robertson says while the Government has already acted swiftly in response to the crisis, with about $20 billion in support already announced, it recognises that more is needed.

The new measures include:

- $3.1 billion tax loss carry-back scheme (estimated cost over the next two years)
- $60 million estimated annual savings to business each year from changes to the tax loss continuity rules
- $25 million in the next 12 months for further business consultancy support
- Greater flexibility for affected businesses affected to meet their tax obligations
- Measures to support commercial tenants and landlords

"We have taken decisive action throughout this pandemic to cushion the blow for our businesses and workers - today's announcement continues that focus. We need our businesses to stay solvent to help with the economic recovery as we emerge from this health crisis.

"Our focus on cashflow and confidence continues through these measures. We have approved a tax loss carry-back scheme that will allow a large number of businesses to access their previous tax payments as cash refunds. Essentially this means a forecast loss in the current financial year can be offset against the tax paid on a profit from last year."

We are also changing the tax loss continuity rules to make it easier for firms to raise new capital without losing the benefit of their existing tax losses" Grant Robertson said

Minister for Small Business Hon Stuart Nash says some businesses are struggling to meet their non-wage fixed costs, like interest, rent and insurance, but are not currently in a position to take on additional debt.

"In the absence of further support from the Government, these otherwise viable SMEs may be forced to close down permanently.

"We don't want that to happen, so as well as the tax measures which should provide some cashflow relief, we are going to provide tailored support services to help businesses weather the storm, at no charge to the business.

"Using established services including the Regional Business Partner Network and the helplines run by the Employers and Manufacturers Association and Canterbury Chamber of Commerce, we can get specialist, tailored advice where it is needed, fast. This could range from human resources advice to business continuity planning to financial management – because every one of these small businesses will have a different need," Stuart Nash said.

New measures are also being announced to support stability in commercial property transactions, extending the timeframes required before landlords can cancel leases and mortgagees can exercise their rights to sale or repossession.

Justice Minister Andrew Little says many businesses may be finding it difficult or impossible to pay rent if they are no longer able to access their property, and if landlords are not receiving rent, they may not be able to meet their mortgage obligations.

"As a result, the Government will extend the current 10 working day timeframe that commercial landlords may cancel the lease to 30 working days. This will be for both the period the tenant is in arrears before the notice is given, and for the period to remedy the breach.

"The Government will also extend the timeframes for lenders from 20 to 40 working days for mortgaged land, and from 10 to 20 working days for mortgaged goods. This will apply to commercial mortgages and home loans. However, the already announced mortgage deferrals are likely to be the first port of

call for residential borrowers.

"These measures will ensure an orderly process to deal with commercial lease disputes caused by COVID-19," Andrew Little said.

Legislation enacting the changes announced today will be introduced on April 27 and will apply effectively retrospectively once the bill is passed.

Work is also underway on further support for businesses and households as the impacts of COVID 19 become clearer.

Related Documents

15 April SME factsheet.pdf (http://www.beehive.govt.nz/sites/default/files/2020-04/15%20April%20SME%20factsheet_0.pdf)	(337.58 KB)

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