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(Robertson
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New financial support for businesses affected by Omicron



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



HON DAVID PARKER (/MINISTER/HON-DAVID-PARKER)

Finance (/portfolio/labour-2020-2023/finance)

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A new targeted COVID Support Payment will be made available for businesses struggling with revenue during the Omicron outbreak.

“As I said back in October when we announced the traffic light system, the Government has been monitoring the impact of the COVID Protection Framework on businesses and the economy,” Grant Robertson said.

“With the settings of the framework most businesses can open and operate relatively normally, even at red. We can see that the majority of the economy is operating close to normal, but in some sectors, like hospitality and events, there has been a significant drop-off in business. There are a range of reasons for this, but it is clear that the impact is putting a number of viable businesses at risk of not being able to operate.

Each COVID Support Payment will be \$4000 per business plus \$400 per full-time employee, capped at 50 FTEs or \$24,000, this is the same rate as the most recent Transition Payment.

Applications for the first payment open on February 28, with payments starting from March 1.

“It will be available on a fortnightly basis for six weeks – so three payments in total. This reflects the international experience that the peak of the Omicron outbreak should pass after about six weeks. We will continue to closely monitor the situation and have the option to extend the payment if this is necessary.

“We have set a higher threshold in terms of revenue loss than previous support in order to target those most affected. A business is eligible if they can show a 40 percent or greater drop in a seven day period since 16 February this year compared against a typical seven day period in the six weeks before.

“We looked closely at whether we could offer sector specific packages but the definition of who is in what sector, and the need for cashflow to be provided quickly meant that was not a feasible option to reach the most affected,” Grant Robertson said.

Revenue Minister David Parker said changes were also being made to the Small Business Cashflow Loans Scheme to increase the amount of funding available to eligible businesses through the introduction of a ‘top up’ loan.

“The top up loan will allow those firms that have already accessed a loan to draw down an additional \$10,000 with a new repayment period of five years and the first two years being interest free.

“Cabinet has also agreed to remove the first two years of accrued base interest from all borrowers who have, or will, take out a loan under the scheme. This change will mean interest will only start accruing at the beginning of year three.

“We are also extending the Commissioner of Inland Revenue’s ability to apply flexibility for tax payment dates and terms to assist firms with cashflow pressures,” David Parker said.

Any businesses struggling to pay tax because of the impacts of COVID should log on to myIR to see if they can delay starting payments to a later date, or if any part of the tax could be written off. IR can help with both GST and provisional tax due.

[Note: this Media Release has been edited to clarify the revenue drop criteria. It has been superseded by the February 25 Media Release.]



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