



26 FEB 2021

On 8 December 2020, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982, the following information:

1. *Please advise immediately and separately, the most up to date net totals for the initial Wage Subsidy, the extension and the resurgence.*
2. *Please advise how the total list of recipients has also been divided into different categories.*
3. *Please provide a copy of the instructions given to staff who audit businesses who have received the Wage Subsidy and have been identified as requiring an audit.*
4. *Do audit staff have accounting qualifications, and do they check the financial records of businesses to ascertain whether they have fully complied with the Declaration they signed?*
5. *Government and business statistics show that most businesses who were not able to work during the 5 or 7 week lockdown were able to make up their lost revenue due to a surge in demand in the subsequent weeks so do auditors require businesses to repay any of the weeks for which the Wage Subsidy was received if their revenue is not down 30% or 40% compared to the same period in 2019?*
6. *Do auditors check that each worker signed up to the Wage Subsidy, as required, and do they only allow businesses to retain the Wage Subsidy for those weeks when workers were at home and unable to do any work?*
7. *Do auditors require businesses to make repayments if they fail to comply with the following Declaration clauses?*
  - *You agree to repay the subsidy or any part of the subsidy paid to you if you:*
    - *fail to meet any of the obligations about how you must use the subsidy; or*
    - *were not or stop being eligible for the subsidy or any part of the subsidy;*
    - *provide false or misleading information in your application; or*
    - *receive insurance such as business interruption insurance for any costs covered by the subsidy.*

*Provision of true and correct information*

- *You will notify the Ministry of Social Development within 5 working days if anything changes that may affect your eligibility or entitlement to the subsidy, including if any of the employees named in your application end their employment relationship with you*
8. *Have auditors been instructed that the changes mentioned in the above clause include the return to normal or above normal work and revenue after 5 or 7 weeks of the 12-week period for which the Wage Subsidy was paid?*
  9. *Have auditors been instructed that the changes mentioned in the above clause include revenue rising above 70% in any week compared to the same 12 week period in 2019 and in the case of the extension, above 60% in any week compared to the same 8 week period in 2019?*
  10. *Please provide copies of extracts from documents where consideration has been given or advice has been provided to the Minister regarding the recovery of Wage Subsidy payments made under a high trust model, including the following:*
    - *The duty of the Ministry to try to recover any money paid out under a high trust model when it has access to Government and business statistical data which shows that businesses were better off in 2020 than in 2019 and most recipients could have wrongly obtained or retained Wage Subsidy payments. (the estimated amount involved is \$5,000 million to \$10,000 million)*
    - *The fact that it is unacceptable that only about 1% of the Wage Subsidy recipients are being audited and required to make repayments, while there is evidence to show up to 95% of recipients have wrongly obtained or retained all or part of the Wage Subsidy*

I will now respond to each of your questions in turn.

1. *Please advise immediately and separately, the most up to date net totals for the initial Wage Subsidy, the extension and the resurgence.*

Your request for this information is refused under section 18(d) of the Act on the basis that the information requested is publicly available. Please see the link below for the total amount spent on the initial Wage Subsidy, the Wage Subsidy Extension and the Wage Subsidy Resurgence Payment:

[www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/statistics/benefit/2020/income-support-and-wage-subsidy-weekly-update/data-file-income-support-and-wage-subsidy-weekly-update-30-october-2020.xlsx](http://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/statistics/benefit/2020/income-support-and-wage-subsidy-weekly-update/data-file-income-support-and-wage-subsidy-weekly-update-30-october-2020.xlsx)

2. *Please advise how the total list of recipients has also been divided into different categories.*

On 15 January 2021, the Ministry emailed you to clarify this aspect of your request to which you responded on 18 January 2021 with the following:



- *The number of businesses, number of individuals and the number of any other categories which make up the total number of Wage Subsidy recipients.*

To answer this part of your request, please see the following link which provides you with a Ministry report entitled "*Who received the Wage Subsidy and Wage Subsidy Extension?*":

[www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/statistics/covid-19/who-was-supported-by-the-wage-subsidy-and-extension-24-july-2020.pdf](http://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/statistics/covid-19/who-was-supported-by-the-wage-subsidy-and-extension-24-july-2020.pdf)

This report describes the volume and proportion of unique jobs supported by the Wage Subsidy and Wage Subsidy Extension. These are shown by age, sex, ethnic group, industry and region, based on data to 24 July 2020.

Also please see the following link, at which you can find the total number of Wage Subsidy applications that have been approved as at 12 February 2021:

<https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/weekly-reporting/index.html>

3. *Please provide a copy of the instructions given to staff who audit businesses who have received the Wage Subsidy and have been identified as requiring an audit.*

Please find the following documents, which the Ministry has identified as being in scope of your request, enclosed in this response:

- Undated, *Answering questions about the Wage Subsidies*
- 15 June 2020, *COVID-19 Integrity and Debt Refund*, desk file, and
- 4 June 2020, *Audit Programme for COVID-19 Payments*, Audit Sheet.

You will note that the names of some individuals are withheld under section 9(2)(a) of the Act in order to protect the privacy of natural persons. The need to protect the privacy of these individuals outweighs any public interest in this information.

Please note that some information is withheld under 9(2)(g)(ii) of the Act in order to maintain the effective conduct of public affairs through the protection of such Ministers, members of organisations, officers, and employees from improper pressure or harassment.

Some information is withheld under section 9(2)(k) of the Act in order to prevent the disclosure or use of official information for improper gain or improper advantage.

4. *Do audit staff have accounting qualifications, and do they check the financial records of businesses to ascertain whether they have fully complied with the Declaration they signed?*

The Ministry has around 100 Fraud Intervention Services staff completing Wage Subsidy audits and responding to cases of potential fraud. There are also additional support staff (i.e. Technical Officers) and Managers involved in this work, as needed. The Ministry does not require that any of these staff have accounting qualifications.

Between May 2020 and 27 October 2020, up to 25 Inland Revenue Compliance Specialists were involved in supporting the Ministry's Wage Subsidy audit programme

Also during that time, up to 11 staff from the Department of Internal Affairs assisted with audits.

Wage Subsidy audits are not considered to be full technical or financial audits. Rather, the Ministry's audit programmes involve desk-based reviews of open source public information and contacting the applicants to discuss their applications. Such contact enables an auditor to request additional information from an employer; to examine any discrepancies between application details and any other relevant information held by the Ministry; and to ensure that the employer is meeting their obligations under the Wage Subsidy scheme. Other agencies are also contacted to confirm the information provided is correct. Although full financial records are not usually reviewed as part of the audit process, these may be requested or reviewed if the audit is referred for investigation.

5. *Government and business statistics show that most businesses who were not able to work during the 5 or 7 week lockdown were able to make up their lost revenue due to a surge in demand in the subsequent weeks so, do auditors require businesses to repay any of the weeks for which the Wage Subsidy was received if their revenue is not down 30% or 40% compared to the same period in 2019?*

As part of the application, businesses were required to sign a declaration that they had met the scheme's eligibility criteria, including any revenue-related obligations. The declarations are extensive and include agreement that details in the application may be verified with other agencies, obligations in terms of use of the subsidy, and consequences of non-compliance.

The Wage Subsidy declarations can be found on the Ministry's website at the following links:

- [www.workandincome.govt.nz/online-services/covid-19/declaration-wage-subsidy.html](http://www.workandincome.govt.nz/online-services/covid-19/declaration-wage-subsidy.html) (for the original Wage Subsidy on or after 4pm 27 March 2020)
- [www.workandincome.govt.nz/online-services/covid-19/wage-subsidy-declaration.html](http://www.workandincome.govt.nz/online-services/covid-19/wage-subsidy-declaration.html) (for the original Wage Subsidy before 4pm 27 March 2020)
- [www.workandincome.govt.nz/online-services/covid-19/declaration-wage-subsidy-extension.html](http://www.workandincome.govt.nz/online-services/covid-19/declaration-wage-subsidy-extension.html)
- [www.workandincome.govt.nz/online-services/covid-19/declaration-resurgence-wage-subsidy.html](http://www.workandincome.govt.nz/online-services/covid-19/declaration-resurgence-wage-subsidy.html)

As the above declarations make clear, an employer could apply for Wage Subsidy or Wage Subsidy Extension if they thought that, as a result of the pandemic, they would experience a certain drop in revenue over a certain period in comparison to a similar previous period. If during an audit, it was discovered that a business did not experience the requisite drop in revenue, the auditor would inform the business that they would need to repay the money. But the expected repayment would be the entire relevant Wage Subsidy and would not be limited to particular weeks.

6. *Do auditors check that each worker signed up to the Wage Subsidy, as required, and do they only allow businesses to retain the Wage Subsidy for those weeks when workers were at home and unable to do any work?*



As per the above declarations, we can advise that there was no requirement that employees abstain from work during the period their employer was in receipt of the Wage Subsidy. Furthermore, we can advise that as part of the Ministry's audit programme, auditors were required to ask employers to confirm that their employees had given them permission to apply for the Wage Subsidy on their behalf.

*7. Do auditors require businesses to make repayments if they fail to comply with the following Declaration clauses?*

- *You agree to repay the subsidy or any part of the subsidy paid to you if you:*
- *fail to meet any of the obligations about how you must use the subsidy; or*
- *were not or stop being eligible for the subsidy or any part of the subsidy;*
- *provide false or misleading information in your application; or*
- *receive insurance such as business interruption insurance for any costs covered by the subsidy.*

*Provision of true and correct information*

- *You will notify the Ministry of Social Development within 5 working days if anything changes that may affect your eligibility or entitlement to the subsidy, including if any of the employees named in your application end their employment relationship with you*

If during an audit it came to light that a business had failed to comply with their obligations under the Wage Subsidy or had ceased to be eligible, the auditor would most likely initiate a full or partial repayment request.

However, it is worth noting that a business's failure to meet their obligations under the Wage Subsidy scheme does not always mean that they sought to intentionally mislead the Ministry. From the audits conducted so far, the Ministry has found that in the vast majority of cases, employers are doing the right thing. In many cases where entitlements have been wrongly claimed, it is due to uncertainty about the eligibility criteria, rather than deliberate attempts at deception.

*8. Have auditors been instructed that the changes mentioned in the above clause include the return to normal or above normal work and revenue after 5 or 7 weeks of the 12-week period for which the Wage Subsidy was paid?*

The Ministry has not instructed auditors that the 'changes' which affect eligibility include the return to normal or above normal work and revenue after 5 or 7 weeks of the 12 week period for which the Wage Subsidy paid, as this was not a requirement to receive the Wage Subsidy.

*9. Have auditors been instructed that the changes mentioned in the above clause include revenue rising above 70% in any week compared to the same 12 week period in 2019 and in the case of the extension, above 60% in any week compared to the same 8 week period in 2019?*

We can further advise that auditors were not instructed that 'changes' which affect eligibility include a rise in revenue above 70% (for the original Wage Subsidy) and 60% (for the Wage Subsidy Extension) during a 12- or 8-week period, respectively. As indicated earlier, reductions in revenue for the purposes of assessing Wage Subsidy and Wage Subsidy Extension eligibility were assessed over the period of a month.

10. Please provide copies of extracts from documents where consideration has been given or advice has been provided to the Minister regarding the recovery of Wage Subsidy payments made under a high trust model, including the following:

- *The duty of the Ministry to try to recover any money paid out under a high trust model when it has access to Government and business statistical data which shows that businesses were better off in 2020 than in 2019 and most recipients could have wrongly obtained or retained Wage Subsidy payments. (the estimated amount involved is \$5,000 million to \$10,000 million).*
- *The fact that it is unacceptable that only about 1% of the Wage Subsidy recipients are being audited and required to make repayments, while there is evidence to show up to 95% of recipients have wrongly obtained or retained all or part of the Wage Subsidy.*

The Ministry has identified the following document to be in scope of this part of your request and has enclosed a copy of this Joint Report into this response:

- 4 December 2020, *Detailed Settings for the COVID-19 Wage Subsidy*, Joint Report.

Please note that some information is withheld under 9(2)(g)(ii) of the Act in order to maintain the effective conduct of public affairs through the protection of such Ministers, members of organisations, officers, and employees from improper pressure or harassment.

You will note that the names of some individuals are withheld under section 9(2)(a) of the Act in order to protect the privacy of natural persons. The need to protect the privacy of these individuals outweighs any public interest in this information.

Some information is withheld under section 9(2)(f)(iv) of the Act as it is under active consideration. The release of this information is likely to prejudice the ability of government to consider advice and the wider public interest of effective government would not be served.

Some information is withheld under section 9(2)(k) of the Act in order to prevent the disclosure or use of official information for improper gain or improper advantage.

Please also note that some information, which is not related to your request, has been removed as it is out of scope.

The Ministry has also identified the following document to be in scope of your request. However, we will be refusing this part of your request under section 18(d) of the Act as the Cabinet Paper will soon be made publicly available. This information will be published as soon as possible this year.

- Undated, *Economic response to future resurgences of COVID-19*, Cabinet Paper

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,



- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public. The Ministry will do this by publishing this letter on the Ministry of Social Development's website. Your personal details will be deleted, and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us, please feel free to contact [OIA\\_Requests@msd.govt.nz](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with this response regarding the Ministry's processes and policies towards Wage Subsidy audits, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or 0800 802 602.

Yours sincerely



George Van Ooyen  
**Group General Manager, Client Service Support**

# Answering questions about the Wage Subsidies

Information to assist with questions about the Wage Subsidy

## Applications for wage subsidies closed

The Wage Subsidy Extension closed at 11.59 pm on 1 September 2020 and the Resurgence Wage Subsidy closed at 11.59pm on 3 September 2020.

These dates were prominent on our website and we highlighted the dates with other agencies and business networks. Unfortunately, if businesses didn't lodge applications before the close-off dates, it's now too late.

Businesses can still apply for the Leave Support Scheme. If they need any other support they can find information on [www.business.govt.nz/covid-19](http://www.business.govt.nz/covid-19)

## Wage subsidy applications for large employers

When talking to a large employer (100+ employees) wanting to apply for a wage subsidy tell them we have a process on our Work and Income website for [COVID-19 Resurgence Wage Subsidy](#).

Large employers can download a CSV file and add their employee information to it, they don't need to use the application form. They're unable to change the format or layout of the file and will need to complete all fields. Let employers know the 'employment type' field is to record whether their employees are **full time** (20 hours or more a week) or **part time** (less than 20 hours a week).

When they have completed their information, they'll need to save the file as a CSV and rename it with their business name.

Employers must agree to the relevant declaration either [COVID-19 Wage Subsidy Extension](#) or [COVID-19 Resurgence Wage Subsidy](#) and when returning the file to us, they need to cut and paste the following text into their email to confirm they agree –

*I confirm that I have read and understood the declaration.*

The file then needs to be sent to us at [COVID19\\_Employer\\_Support@msd.govt.nz](mailto:COVID19_Employer_Support@msd.govt.nz) where it will be processed.

## Auditing

### How does the audit process work?

MSD are undertaking an audit process for some employers and sole traders who have accessed the Wage Subsidy financial assistance available from 17 March 2020. Applicants signed a declaration when applying for the assistance, acknowledging they may be audited. Not every employer will be audited, a specialist team is reviewing applications through targeted and randomised selection. A representative of this team will make contact with employers who have been selected.

### What will an application require if they are audited?

A representative of the audit team will make contact with employers who have been selected to confirm:

- they were eligible,
- if their wage subsidy is being passed on, and
- they understand all of their obligations.

In some cases a request for a repayment will be made if the employer was not entitled to part or all of the subsidy. This process includes a discussion with the applicant, and if false or misleading information was given, the case may progress to an investigation. During an investigation applicants will be asked to provide written information.

### What do businesses need to show they have taken active steps to mitigate the impact of COVID-19 on their business?

When applying for the wage subsidy, companies agree to a declaration which states that: before making your application for the subsidy, you have taken active steps to mitigate the impact of COVID-19 on your business activities (including but not limited to engaging with your bank, drawing on your cash reserves as appropriate, making an insurance claim).

This is aimed at ensuring a company is not applying for the wage subsidy without considering their ability to meet the need from their own resources or through other sources, and has actively explored options to reduce the impact of COVID-19 on the business. Businesses should



be able to identify suitable steps and justify the decisions they've made with regard to using resources before applying for financial assistance through MSD.

**Note** this step does not apply for the COVID-19 Leave Support Scheme.

#### **IR Audit**

If an applicant contacts us and asks why IR has been involved in "auditing" their application/ asking for a request, we can tell them -

"IR are carrying out audits on applications and will make a recommendation to MSD as a result of this. MSD will email you to request a refund if we agree a refund is required"

\*\*\*Cases where applicants have advised IR to have told them to refund money - email to [s9\(2\)\(g\)\(ii\) OIA](#)

## **Application process**

### **I've applied and I haven't heard anything yet. Should I make another application?**

No, you shouldn't make another application. It may take a few days for your payment to come through. You can however make an additional application for any of your employees whom you haven't already applied for.

### **How many times can I apply?**

For each Covid-19 **Wage Subsidy**, businesses can only apply once per employee. It's important to make sure you capture all of your employees in your application form, your application will be processed faster if you include all of your employees and yourself under one application. You can make an additional application for any of your employees whom you haven't already applied for.

### **Which application should I complete?**

If you're completing the application for more than one person, use the employer application.

If you're self-employed, a sole trader, or contractor and are not completing this application for anyone other than yourself, complete the self-employed application.

### **What kind of proof do I need to provide?**

When you apply, we ask for your business IR number and contact details, and the names and IR numbers for your employees. We can verify this with other agencies. If we need any more information from you at a later date, someone will contact you.

### **Do I need to prove I'm experiencing 40% or more loss of revenue before I apply for the Covid-19 Wage Subsidy Extension?**

By agreeing to the [declaration](#) when you submit an application for the COVID-19 Wage Subsidy Extension, you're confirming that your business has experienced at least a 40% loss of actual revenue over a consecutive 30 day period in the 40 days immediately before the date of your application. We won't ask for proof when you apply, but if we need any further information about this at a later date someone will contact you to discuss it.

### **Do I need to prove I'm experiencing 40% or more loss of revenue before I apply for the Covid-19 Resurgence Wage Subsidy?**

By agreeing to the [declaration](#) when you submit an application for the COVID-19 Resurgence Wage Subsidy, you're confirming that your business has experienced, or expects to experience, at least a 40% loss of revenue for a 14-day period between 12 August to 10 September, compared to a similar period in 2019. We won't ask for proof when you apply, but if we need any further information about this at a later date someone will contact you to discuss it.

### **How do I know if I qualify if my business has been operating for less than a year OR I have a high growth business?**

When a business has been operating for less than a year or is a high growth firm (eg a business that had a significant increase in revenue), they must compare their revenue against a more recent comparison time period that gives the best estimation of the revenue decline related to COVID-19.

**Resurgence Wage Subsidy Example** 40% loss of revenue attributable to COVID-19 comparing 12 August 2020 – 26 August 2020 to 14 – 28 January 2020 if your business is new and has been operating for 14 days or more.

**Wage Subsidy Extension Example** 40% loss of revenue attributable to COVID-19 comparing 11 May 2020 – 9 June 2020 to 1 – 30 January 2020 if your business is new and has been operating for 60 days or more.

### **If I need to submit an application for a COVID-19 wage subsidy for my employees, how do I also complete an application for myself?**

If you're an employer and are submitting an application for your employees, you will need to include yourself as an employee of the business in the same application. Businesses can only apply once per employee (including the employer). Your application will be processed faster if you include all of your employees and yourself under one application. You can make an additional application for any of your employees whom you haven't already applied for.

### **How will I know you've got my application?**

When you submit your application you will see the following message:

## Thank you for submitting your application.

Our staff are under considerable pressure supporting New Zealanders. We are processing and approving applications as quickly as we can, please be patient.

You will get a text and email once the payment is made.

**Note:** Please use your IRD number as your reference number.

[Return to the home page](#) for more information.

You will also receive confirmation to the email address used in your application:



Your application for the COVID-19 Wage Subsidy Extension

Hi,

Thank you for your application for the COVID-19 Wage Subsidy Extension.

We know this is a busy time for many New Zealand businesses and we're working hard to process applications as quickly as we can. Please don't apply multiple times for the same thing - it will only slow us down.

We will let you know as soon as there's an update on your application.

Our contact centres are currently experiencing very high demand. Please don't call us to check on your application, as our contact centre teams aren't able to provide this for you over the phone.

You can find more information about the COVID-19 Wage Subsidy and Leave Support Scheme on the [Work and Income website](#).

We really appreciate your patience.

Kind regards,

George Vane (Name)

Group General Manager | Talent Solutions Delivery

You're receiving this email because you're a COVID-19 wage subsidy applicant or you're a COVID-19 wage subsidy employer.

We'll only contact you about your application if we need more information or if we've made a decision on your application.

You can find out more about the [COVID-19 wage subsidy](#) on our website.

Important: Please don't apply for the same thing more than once.

Please do not reply to this email address as all responses are forwarded to our call centre. We can't respond to individual queries.

### What happens if my application is declined?

If you don't meet the qualifications for the subsidy, your application will be declined. We will contact you via email if this happens.

### As an employer, what are my obligations under employment law at this time?

Your obligations under employment law haven't changed.

## Multiple applications

**I'm an employee who works full-time for a company that has been impacted by COVID-19, and my employer has applied for a COVID-19 wage subsidy on my behalf. I'm also self-employed part-time. Can I also apply for a part-time COVID-19 wage subsidy using the self-employed application?**

Yes. You can apply for a part-time COVID-19 wage subsidy under the self-employed application, as long as you meet the usual criteria, despite being a named employee on your employer's application.

**I'm an employee who works full-time for a company that has been impacted by COVID-19, and my employer has applied for a COVID-19 wage subsidy on my behalf. I'm also self-employed full-time. Can I also apply for the full-time wage subsidy using the self-employed application?**

Yes. You can apply for the full-time wage subsidy under the self-employed application, as long as you can meet the usual criteria, despite being a named employee on your employer's application.

### What if I have multiple businesses - can I apply for a COVID-19 wage subsidy for more than one?

All businesses that apply must have separate IR numbers.

If all of your businesses use the same IR number, you can only submit one application to cover all of them.

## Payments and repayments

### How quickly will I get the money?

We're working to pay the COVID-19 Wage Subsidy Extension as quickly as we can. If your details aren't up to date with IR or you've filled out the application form incorrectly, this may take longer.

**What happens if an employer calls advising they've had notification their subsidy has been paid but they still don't have the money in their account?**



Payment should be made into an account within 5 business days of MSD processing their application. In some cases, there have been payments returned to MSD due to incorrect bank account numbers being provided in application forms. A dedicated MSD team will be in contact with you if your payment is one of these to discuss. To help this team CSR's should:

- ask the employer for their correct bank account details, and
- IR number, and
- email this through to s9(2)(g)(ii) OIA

**Please note:** once the team have this information and process the payment it should in the correct account within five business days of MSD processing their application.

**An employer is calling who thinks they have added a valid, but incorrect bank account (i.e. someone else's bank account) in error on their application?**

If the application hasn't been approved and paid, get the correct details from the employer and update this on their application. If you don't have the ability to update these details, escalate to your designated support person to help. If the application has already been approved you will need to:

- ask the employer for their correct bank account details, and
- IR number, and
- email them through to s9(2)(g)(ii) OIA

Once we have these details we will make the payment to the correct account. **Please note:** payment should be made into an account within 5 business days of MSD processing their application.

MSD have a dedicated team who will attempt to trace the initial payment and have the funds returned.

**When employers/sole traders have to repay a subsidy**

You can direct the employer or sole trader to the [online form](#) or you can do it for them through a manual S2P task under "COVID Repayments". This is preferable to our usual process of emailing the overpayments team.

**Employer thinks they've been overpaid. What happens next?**

Employer advises they:

- applied for a leave subsidy instead of a wage subsidy
- applied as a sole trader and an employer and got paid for both
- since applying some staff may have been let go
- applied twice incorrectly and were paid twice
- thinks they may have received someone else's subsidy in error

In these examples you should:

- thank them for letting us know
- refer them to the [repayments process](#) on our website
- ask them to complete a [repayment request](#) form

**Employers applying for Wage Subsidy Extension in error, thinking it was the Resurgence Wage Subsidy**

When you have confirmed the applicant applied for and received Wage Subsidy Extension in error but were wanting to apply for Resurgence Wage Subsidy, advise the applicant to apply for Resurgence Wage Subsidy straight away, but let them know this will result in a declined application until their refund is received.

This information is to be emailed to s9(2)(g)(ii) OIA. This will be collated, and repayment letters will be sent for the incorrect subsidy to be refunded.

## Employers

**Can employees apply?**

Your employer is the only one who can apply for a COVID-19 wage subsidy. If you have any questions about your pay, you need to talk to your employer.

**Who can apply?**

If you're an employer, contractor, sole trader or self-employed, you may qualify to get a COVID-19 wage subsidy or Leave Support Scheme payment. Your businesses need to be registered and operating in New Zealand, and your employees need to be legally working in New Zealand. There's more information on the [Work and Income](#) website.

**My staff aren't comfortable sharing their information. What can I do?**

You will only be able to submit an application for your employee if they're ok with that. You need to confirm their consent so we can check their information with other agencies.

**Do I need to prove my staff can't work from home?**

By agreeing to the declaration when you submit an application for the Leave Support Scheme, you're confirming that your staff aren't able to work from home and are in one of the [affected groups](#). We won't ask for proof of this when you apply, but we may contact you to make sure you are applying for the right support.

**I already applied for a COVID-19 wage subsidy, but only for some of my employees. Can I make another application for my remaining employees?**

Yes. You can make an additional application for any of your employees whom you haven't already applied for.

**I'm currently receiving a Flexi-Wage, Mana in Mahi or Apprenticeship Boost subsidy for my employee(s). Can I also apply for a COVID-19 wage subsidy?**

The COVID-19 wage subsidies are available on top of the Flexi-Wage or Mana in Mahi subsidy that you are already receiving for your employee(s). If you are receiving Apprenticeship Boost you can receive the Resurgence Wage Subsidy and Leave Support Scheme, but not the Wage Subsidy Extension. All wage subsidies that you receive must be paid to your employees.

**I haven't applied for a COVID-19 wage subsidy for any of my employees. Is it too late to make an application?**

You can still apply for the COVID-19 Wage Subsidy Extension until 11.59pm 1st September 2020. Applications for the Resurgence Wage Subsidy will be open from 1pm Friday 21st August until 11.59pm 3rd September 2020.

**As an employer or self-employed person, what active steps do I have to take to mitigate the impact of COVID-19?**

You must take active steps to mitigate the financial impact of COVID-19 on your business before you apply for a COVID-19 Wage Subsidy.

This could include:

- activating your business continuity plan
- drawing on your cash reserves (as appropriate)
- making an insurance claim
- proactively engaging with your bank
- seeking advice from the Chamber of Commerce, a relevant industry association or the Regional Business Partner programme.

**Privacy Act requests relating to COVID-19 wage subsidies**

You should talk to your employer in the first instance if they've received the a COVID-19 wage subsidy, but you're not being paid or you think your pay is wrong or you have questions about how the subsidy is being applied to you. If you can't find out from your employer whether you were included in their application, we can tell you if you were listed. We can only provide this information in response to completion of a [form](#). Other requests for information relating to the COVID-19 wage subsidies can be sent to [PrivacyOfficer@msd.govt.nz](mailto:PrivacyOfficer@msd.govt.nz)

## Employer obligations

**What are my obligations under employment law at this time?**

Your obligations under employment law haven't changed.

**How much am I obliged to pay the employees named in my application for a COVID 19 wage subsidy if they are not working?**

Regular employment law applies to all employment relationships - regardless of the circumstances that we find ourselves in. This includes anything that has been agreed to in your employment agreement (including how you pay your employees).

The impact of COVID-19 means that the hours staff work may have to change. That can only be done in accordance with the usual employment law rules. If you have questions or concerns about your employment obligations you can contact Employment New Zealand for advice. If you are receiving a COVID-19 wage subsidy, you must:

- Try your hardest to pay staff at least 80% of their usual wages;
  - If that isn't possible, pay at least the rate of the subsidy that applies to that employee
  - If the employee's usual wages are lower than the rate of the subsidy, continue paying that amount for the duration of the subsidy.
- Any surplus amount must be used for the wages of other staff or returned to MSD.

**I had to let some of my employees go because of COVID-19. Can I rehire them and get the COVID-19 Subsidy to help pay them?**

Yes, the subsidy can be used for new employees as well as re-hiring former staff.

**If one of my employees who I have made an application for, voluntarily leaves during the subsidy period, do I need to pay the money back to MSD?**

No – where your employee voluntarily leaves their employment you must advise MSD, and you cannot claim any more subsidy for that person. You do not have to repay the subsidy already paid, but you must use the balance towards topping up the wages of other affected employees. If you have no other employees, or your other employees are already being paid their normal wages, you must let us know and return the remaining subsidy amount to MSD.

**What happens if I make my employee redundant during this time?**

Your obligations state you should retain your employees you're currently receiving a COVID-19 wage subsidy for. If you have to make an employee [redundant](#) during the subsidy period, you can use the subsidy to pay out any notice period. However, any remaining must cannot be used to pay other staff – you must advise MSD and repay the remaining subsidy amount to MSD.

**What happens if I dismiss my employee during this time?**



If you [dismiss](#) your employee no more subsidy can be claimed for that person. You do not have to repay the subsidy already paid, but you must use the balance towards topping up the wages of other affected employees. If you have no other employees, or your other employees are already being paid their normal wages, you must let us know and return the remaining subsidy amount to MSD.

## Employee concerns

### **I have a complaint about how my employer has paid me**

If you have a complaint because you think your employer is breaching any of their minimum employment obligations to you, you can contact Employment New Zealand by calling 0800 20 90 20 or via email at [info@employment.govt.nz](mailto:info@employment.govt.nz)

## Contractors and Self Employed people

### **I'm a contractor, can I apply for a COVID-19 wage subsidy?**

Yes - contractors can apply for a COVID-19 wage subsidy using the 'self-employed' application, provided you meet the criteria.

### **I'm self-employed, can I apply for the wage subsidy?**

Self-employed people who are legally working in New Zealand are eligible for the payment. Please check the Work and Income [website](#) for details.

## Shareholders

### **I'm a shareholder in a business, can I apply for a Covid-19 Wage Subsidy?**

If you work for the business and you are paid a wage, salary or draw an income for the work you do for the business, you can apply for the wage subsidy.

If your business is new and has been operating for:

- 14 days or more for the Resurgence Wage Subsidy or
- 60 days or more for the Wage Subsidy Extension

but you have not yet been paid a wage, salary or drawn an income, you can still apply for the wage subsidy.

### **I work for a business where there are multiple shareholders, how do I apply for a Covid-19 wage subsidy?**

The business you work for should make one application for all of its employees and shareholders who work for the business and are paid a wage, salary or draw an income for that work they do.

### **Which form do I use?**

You can use the 'employer' form and the other shareholders if they are paid a wage, salary or draw an income for the work they do for the business, need to have their details entered into the employee section of the form.

## Partnerships

### **My business operates in a partnership, can I apply for a Covid-19 Wage Subsidy? Which form do I use?**

If each partner that works for the business is paid a wage, salary or draws an income for the work they do, you can apply for the wage subsidy. If your partnership is new and has been operating for 14 days or more but you have not yet been paid a wage, salary or drawn an income, you can still apply for the wage subsidy.

One partner must apply on behalf of the other partner(s) using the 'employer' form and using the other partners as named employees.

## Charities

### **I'm an employer of a registered charity, incorporated society, non-government organisation, or post settlement governance entity.**

#### **Can I apply for the Covid-19 Wage Subsidy for my employees?**

Yes, you can apply for the wage subsidy if your business has been adversely affected as a result of COVID-19 and you are struggling to retain your employees. Charities, NGOs and post-settlement governance entities still need to meet all the qualification criteria, including the revenue test.

### **I'm an employer of a registered charity, incorporated society, non-government organisation, or post settlement governance entity.**

#### **Can I apply for the Leave Support Scheme for my employees?**

Yes, you can apply for the Leave Support Scheme if your employees are required to self-isolate because of [Ministry of Health Guidelines](#) and cannot work from home. Your employees must be unable to work **and**:

- have COVID-19 or have had contact with someone who does and are self-isolating; or
- are in a category of people at most risk from contracting COVID-19; or
- live with someone who is in a category of people at most risk from contracting COVID-19.

## Tax questions

**As an employer, do I have to pay GST on a COVID-19 wage subsidy I receive for an employee?**

No - You don't have to pay GST on a COVID-19 wage subsidy.

**As an employer, do I have to pay income tax on a COVID-19 wage subsidy I receive for an employee?**

No - for most businesses, the COVID-19 wage subsidies are classified as "excluded income" for income tax purposes. You don't get an income tax deduction for the wages you pay using a COVID-19 wage subsidy. You still need to make the usual PAYE deductions when you pass it onto your employee.

**Does an employee need to pay tax on a wage subsidy payment?**

Yes, they will as the subsidy is paid to the employer as part of their normal wages. This means it is subject to the usual PAYE, Student Loan, KiwiSaver deductions, etc.

**As a self-employed person do I need to pay income tax on the Wage Subsidy I receive?**

Yes - If you are self-employed, you need to pay income tax on the COVID-19 wage subsidy you receive from MSD as it is a payment to replace a loss of earnings.

**As an employer I'm receiving the Leave Support Scheme on behalf of an employee because they're in self-isolation. Do I have to pay GST?**

No - it will be treated as exempt from GST.

**I'm self-employed and in self-isolation. Do I have to pay tax if I receive Leave Support Scheme?**

This payment will be treated as income for tax purposes.

**I'm an employee and in self-isolation. Do I have to pay tax if I receive Leave Support Scheme?**

The Leave Support Scheme will be paid to your employer, and you will receive it like normal wages. This means it's subject to the usual PAYE, Student Loan, KiwiSaver deductions, etc.

## **Leave Support Scheme available from 28 April 2020**

**If your employee is diagnosed with COVID-19, do they have to use their accrued sick leave before they are eligible for the COVID-19 Leave Support Scheme?**

Employees do not need to use their sick or annual leave entitlement before you can apply for the COVID-19 Leave Support Scheme - it can be applied for right away. You can have a conversation with your employee about whether they would prefer to use any accrued sick or annual leave first, rather than the COVID-19 Leave Support Scheme as there may be cases where the employee would receive more through their own sick leave than the COVID-19 payment.

**As an employer I've already received the Leave Support Scheme for an employee. Am I now able to apply for the COVID 19-Wage Subsidy for this employee?**

The Leave Payment only covers 28 days for self-isolation. After the 28 days, you can apply for a COVID-19 wage subsidy for that employee, as long as you meet the criteria for the payment.

**Do I have to have a decline in revenue to get the Leave Support Scheme for my employees?**

From 1pm on 21 August 2020, there is no revenue test for the Leave Support Scheme. You must still meet the other criteria - see the [Work and Income](#) website for more detail.