



COVID-19 NewsBrief – 17 April 2020

As we reach the end of another week of lockdown, we thought it appropriate to review the week's events and how they may affect you and your business.

As events and assistance packages continue to evolve we will be posting more comprehensive items of news on our website www.ecoviskga.co.nz under the heading of COVID-19 at the top of the homepage.

Here is the week that was, in summary.

Tax Changes

A few days ago, we issued a NewsBrief explaining that certain tax changes are likely to be legislated at the end of the month, with retrospective effect to the date of their announcement.

- Tax loss carry-back: A 2020 or 2021 tax loss will only be able to be carried back to the immediately preceding income year. That is, a 2020 loss can only offset profits in 2019 and a 2021 loss can only offset profits in 2020. It will not be possible to carry a loss from 2021 back against 2019 profits. It should be possible to make this adjustment to tax positions to gain access to losses as soon as the legislation is enacted. While the detail is still emerging we strongly recommend that taxpayers who expect to find themselves in a loss position for the 2020 income year (typically the year ending 31 March 2020) expedite preparing the 2020 tax return in order to confirm the exact quantum of any tax loss available for carry back to the 2019 year.
- Changes to loss continuity rules in terms of minimum shareholding requirements with the future focus being on the same or similar business activities.
- Some relaxation around compliance deadlines with the detail yet to be made known.
- Use of money interest remission where the IRD is satisfied there is difficulty on the part of the taxpayer to meet payment obligations due to the COVID-19 measures.

Business Consulting Package

Money is to be made available to businesses who need external advice and consulting support. The Government envisages that such advice could range from human resources advice to business continuity planning to financial management.

COVID-19 Alert level 3

On the back of some very encouraging statistics around the reduction of new cases of the virus (today at 1 pm it was reported that there were only 8 new cases) the government has indicated that there could be an imminent scaling back from level 4 to level 3.

We stress that until this is announced formally everyone needs to continue to observe the lockdown protocols of level 4. The Government has deemed the criteria for a reduction to be:

- Certainty that community transmission is under control and the transmission rate is very low
- Robust measures at the border stopping new infection
- Tracing and testing capacity to shut down any new outbreak
- Sufficient supplies for and capacity in the health system.

They have stated quite firmly that they will not move too early. For the full detail on what this is likely to mean for businesses [find out more here](#).

The emphasis will be moving away from essential services only to allowing businesses to open under safe workplace practices and we stress the importance of having sound workplace safety policies and procedures in place. The focus will still be on keeping contact with others to the bare minimum.

The rules around level 3 state that people should continue to work from home if possible, people can expand their bubbles "a small amount" and only regional travel is permitted.

Schools will be open for younger children up to and including year 10 but attendance will be voluntary. Secondary and tertiary institutions are still being requested to deliver online lessons.

There is still no complete clarity around which businesses definitely can and can't open but malls and retail outlets will remain shut because of the likely inability to apply social distancing protocols. Some restaurants will be allowed to open but only for contactless takeaway and food-delivery options.

Any business that does re-open must observe strict hygiene control such as regular disinfection of surfaces and making sure that the staff are able to practice adequate social distancing while at work.

An important issue for business owners seeking to re-open under level 3 is whether or not they can compel staff to return to work. This is a difficult issue and the facts of each case will need to be considered carefully. We recommend that if staff have concerns around safety, alternative arrangements be discussed with them.

As in all employment issues, ensure robust consultation processes are followed and as far as possible reach mutual agreement with your staff. Remember, it is the duty of every employer to provide a safe working environment.

If a staff member refuses to return to work, there may be grounds to not pay them, but we would caution against any form of disciplinary activity or dismissal and full due process must be followed properly.

As further clarity comes to hand, we will keep you appraised. If you have any questions around the content of this NewsBrief, please reach out to us.

At Ecovis KGA we're privileged to have a team of experts with in-depth knowledge to assist with many of the challenges which businesses are facing right now. Please remember the firm is fully operational and we are here to help in any way we can - we are just a phone call or email away.

This publication is not designed to provide legal or other advice and you should not take, or refrain from taking, action based solely on its content without first discussing matters with us.