

Helping businesses impacted by COVID-19



Recently the Government announced more tax changes to assist NZ businesses manage the impacts of COVID-19.

Legislation has now been passed to bring some of these changes into effect.

Small business cashflow scheme (SBCS)

The Small Business Cashflow Scheme (SBCS) is a one-off loan to businesses impacted by COVID-19. Small to medium business owners, including sole traders and the self-employed, may be eligible for a one-off loan if they have been adversely affected by COVID-19.

For more information go to: www.ird.govt.nz/covid19

Temporary loss carry-back scheme

Businesses expecting to make a loss in either the 2020 year or the 2021 year can use that loss to offset profits they made the year before. In other words, they can carry the loss back one year to the preceding income year. This can be done before the loss year return is filed.

There are two ways to claim your loss carry-back.

- Include the carried-back loss in your tax return – we will automatically refund any overpaid tax.
- Ask for a refund of any provisional tax you have paid for 2020 if you are going to carry back a loss from 2021.

We can refund some or all of the tax already paid for the preceding year before the loss year has finished by enabling customers to estimate their loss.

If you choose to use the loss carry-back scheme you must first elect to participate in the scheme under the 'I want to' section of myIR. Refunds will be processed quicker for

claims made through myIR. Log in or register for a myIR account today.

Note: You do not need to have filed the loss year return to claim the loss carry-back.

By when do I need to re-estimate my provisional tax?

You can re-estimate your provisional tax as many times as you need to as long as you do so before the tax return for the year is filed or due, whichever is earlier.

Subvention payments, profits paid as shareholder-employee salaries or dividends

The following situations cannot be reversed to take advantage of a loss carry-back:

- company profits that have been paid out as a dividend or shareholder employee salary in the preceding year
- a subvention payment made in a preceding year.

Shareholder-employees impacted by a 2020 loss carried-back claim

Shareholder-employees who have paid provisional tax on the basis they would receive a shareholder salary in the 2020 year may re-estimate their provisional tax if their company is going to claim a loss carry-back in 2020 - which will reduce their shareholder-salary. Any overpaid provisional tax will be refunded.

Shareholder-employees must let us know they are going to re-estimate their provisional tax because of a loss carry-back by using the opt-in service in myIR (in the 'I want to' section of your income tax account in myIR account). They can then re-estimate their provisional tax up to the time their 2020 return is due or filed. In all other situations the last day for a provisional tax estimation is the 3rd provisional tax instalment date.

Need more information?

Talk to your tax agent or go to: www.ird.govt.nz/loss-carry-back

To find out how to claim a loss carry-back go to: www.ird.govt.nz/claim-loss-carry-back

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