

BUSINESS TAX UPDATE

Inland Revenue's tax news for businesses



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REMINDERS

We publish key dates on our website to help you meet your obligations. Remember that if a due date falls on a weekend or public holiday, we can receive your return and payment on the next working day without a penalty being applied. But for provincial anniversary dates, this only applies if you're in the province celebrating the holiday, and only if you usually make tax payments over-the-counter at Westpac.

If you have any suggestions for topics you'd like covered in this newsletter, Email BusinessTax.Update@ird.govt.nz

Small Business Cashflow (Loan) Scheme deadline extended

Applications have been extended further for the Small Business Cashflow (loan) Scheme (SBCS).

Applications opened on 12 May 2020 and can now be submitted up to and including 31 December 2020.

All other conditions remain the same. For details of the loan conditions go to ird.govt.nz/covid-19

You can find details about all our COVID-19 relief initiatives, including eligibility criteria and applying for the SBCS loan at ird.govt.nz/covid-19

Covid-19 and staff redundancies - it's in your interest to follow a proper process (submitted by MBIE)

The COVID-19 situation continues to challenge businesses. Many employers tell us they are feeling the pressure to adapt quickly. Some are considering staff redundancies.

If you are restructuring or planning redundancies you have legal responsibilities to follow proper processes.

What do restructuring and redundancy mean?

Employers restructure their business so that they have the right set-up and roles in place to respond to economic changes.

Restructuring means changing the operational set-up to improve the way the business runs. Businesses need a genuine business reason to restructure. Examples include a change in market demands, financial constraints, realigning your brand, changes in customer behaviour, wanting to outsource some business functions, or a merger.

Redundancy usually means reducing or changing the makeup of a business workforce because a job or jobs are no longer needed or there is the need for a different skill set. Section 4 of the Employment Relations Act 2000 requires employers to act in good faith when making employees redundant. Employers cannot for example make an employee redundant and then replace them with someone else in a substantially similar position but with a different job title.

Before you consider any redundancies

If you think a new structure could improve the way your business operates, you might want to investigate restructuring. This doesn't necessarily mean making employees redundant, although that can happen, but it might mean employees' roles change.

Restructuring cannot be used as a way to manage individual employee performance issues.

Employment laws also protect some groups of employees including cleaning, catering and laundry staff, in certain restructuring situations.

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Once you have decided to look at restructuring or redundancies

You need genuine business reasons to restructure your business. You'll need to state these reasons clearly as you proceed. You must follow the proper redundancy process. If you don't follow the proper process, your employees can apply to the Employment Relations Authority for re-employment, loss of salary and/or compensation for acting illegally. You can also receive hefty fines.

Employment New Zealand has resources and guidance for both restructuring and redundancy. A good starting point is to visit www.employment.govt.nz/workplace-policies/workplace-change/workplace-change-process-outline/