PayBiz – COVID-19 NZ

20/09/2021

Contents

Covid-19 Financial Support

Financial support for wages is available for eligible businesses.
Please refer to the following government websites for information on how to apply etc:

https://covid19.govt.nz/government-actions/financial-support/
https://workandincome.govt.nz/products/a-z-benefits/covid-19-support.html#null

PAYE, Kiwisaver, Student Loan, Child Support and other deductions still need to be applied.

Wage Subsidy – Employee Not Working

Depending on your types of employees, you may need two new Allowance pay types:
1. Wage Subsidy pay type for 20 hours or more: Taxable, Base Rate = 600.00
2. Wage Subsidy pay type for less than 20 hours: Taxable, Base Rate = 359.00

PayBiz main menu > Payroll > Pay Types > Add > Pay Type Allowance
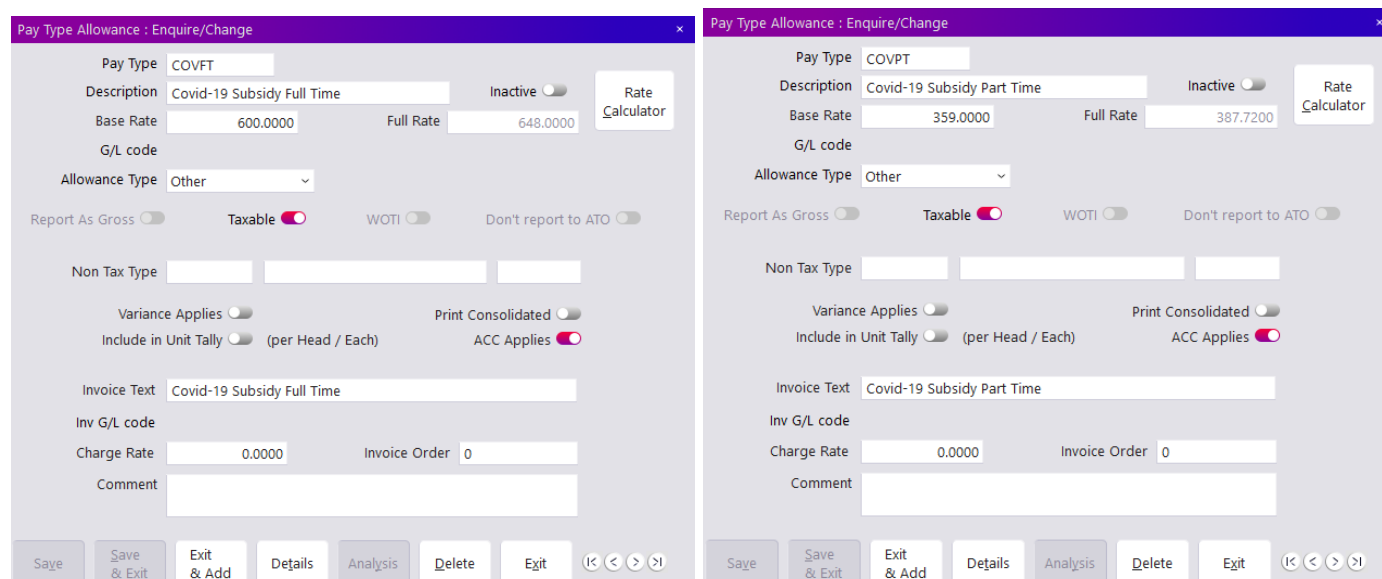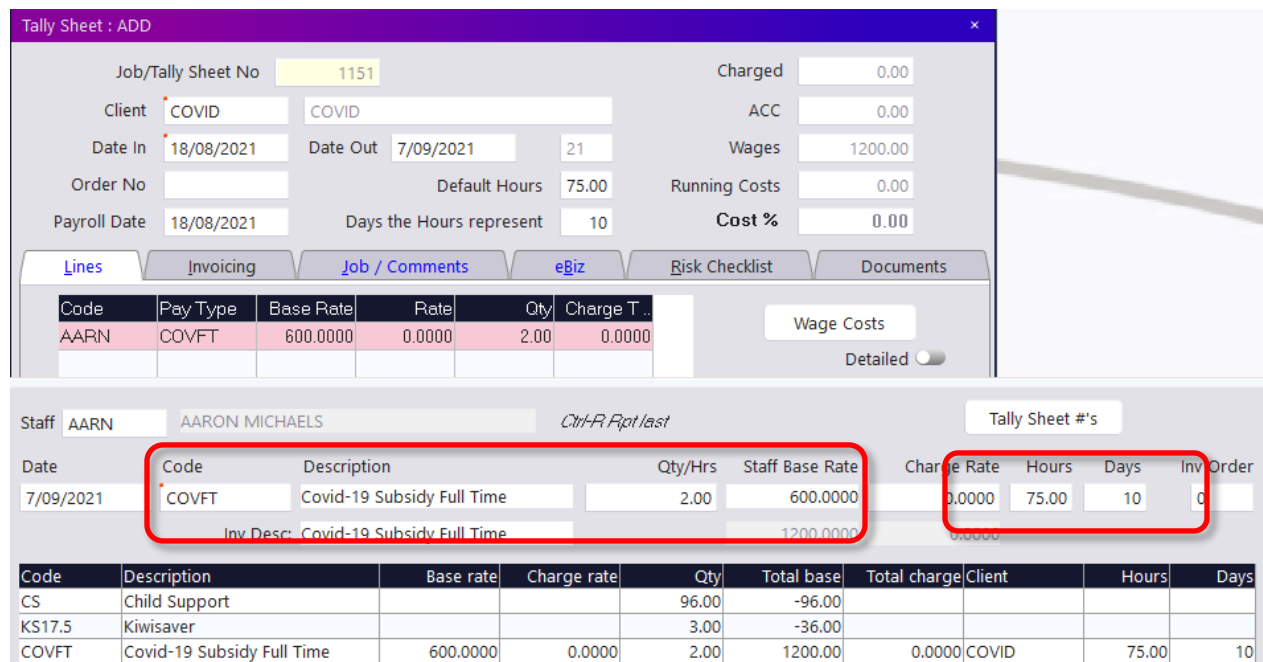

Figure 1: Example Allowance Pay Types for the Wage Subsidy

We recommend using a Job/Tally Sheet to enter these payments.
You may want to add a new Debtor to use for this purpose. In the example below I have created a debtor called COVID. This Job/Tally Sheet will not be invoiced, it is simply used for the purposes of entering these payments.

Add lines to the Job/Tally Sheet using the appropriate Wage Subsidy pay type, with a quantity of 1 for weekly pays or 2 for fortnightly pays etc.

Figure 2: Example of a Covid-19 Wage Subsidy line for two weeks

Include 8% Holiday

If your accountant advises you to include 8% Holiday Pay-As-You-Go in the Subsidy, then adjust the base rates to:

- Full time: 600.00/1.08 = 555.56
- Part Time: 359.00/1.08 = 332.41

This will mean the gross wage, including Holiday Pay will be the value of the subsidy:
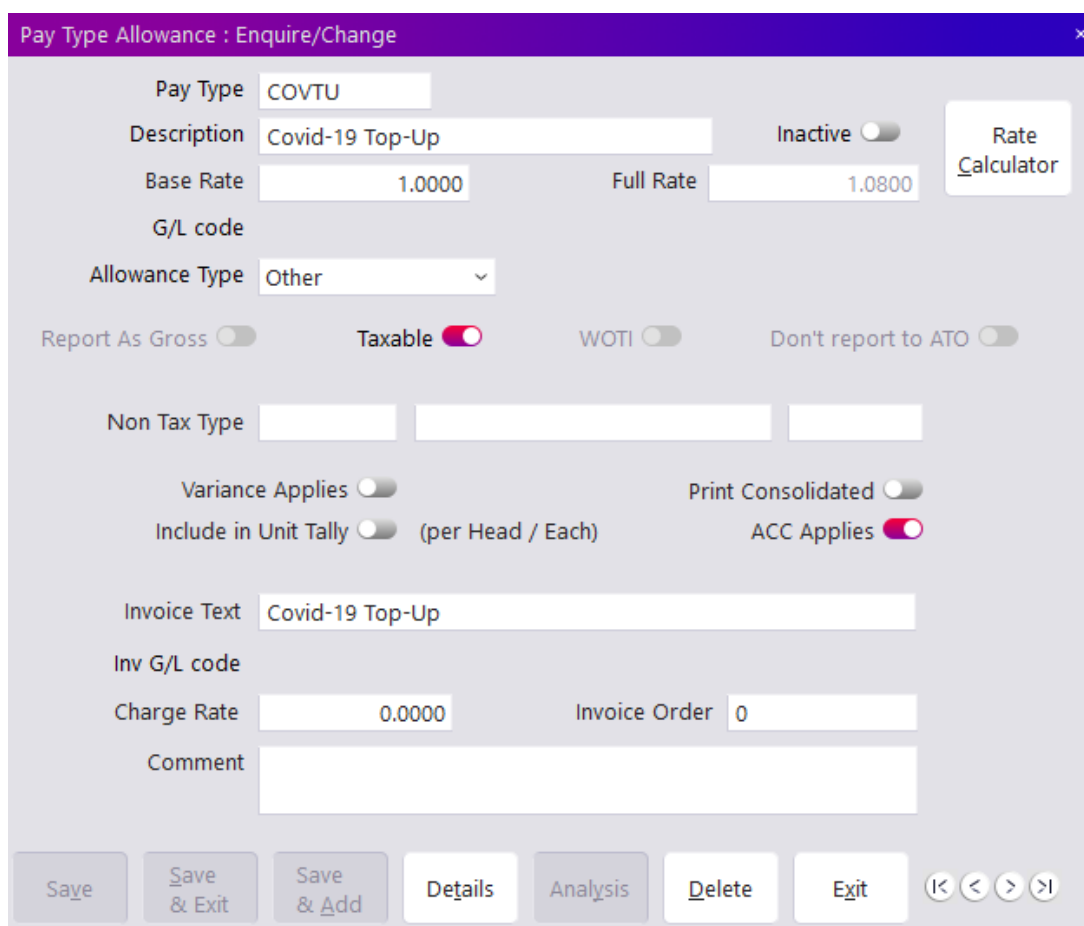

Figure 3: Sample payslip for Employee with PAYG Holiday Pay for 2 weeks

Top-Up Wages

This is for Employees who are not working and are receiving the Wage Subsidy and are having their wages topped up by their employer.

In addition to the new Wage Subsidy allowances you will also need a Top-Up taxable allowance, Base Rate = 1.000:

Figure 4: Allowance Pay Type used to Top-Up the wages

You will need to calculate the employee's normal pay.
Your accountant may be able to advise you on the best way to do this.
Please keep a record of all your calculations.

Other Tools and Reports within PayBiz that may help are:

- Calculate Average Pay (over 52 weeks): http://www.shebiz.nz/pbhelp/docs/PB_CalculateAvgPay.pdf
- The **Average Daily Pay** report in the Reports menu – click the **52 Weeks** button before printing to get the averages over the last 52 weeks, or from the employees start date if they have not worked a full year
- **Avgs** button on Rates tab of the Employee record
- The **Previous Work Summary** report in the Reports menu
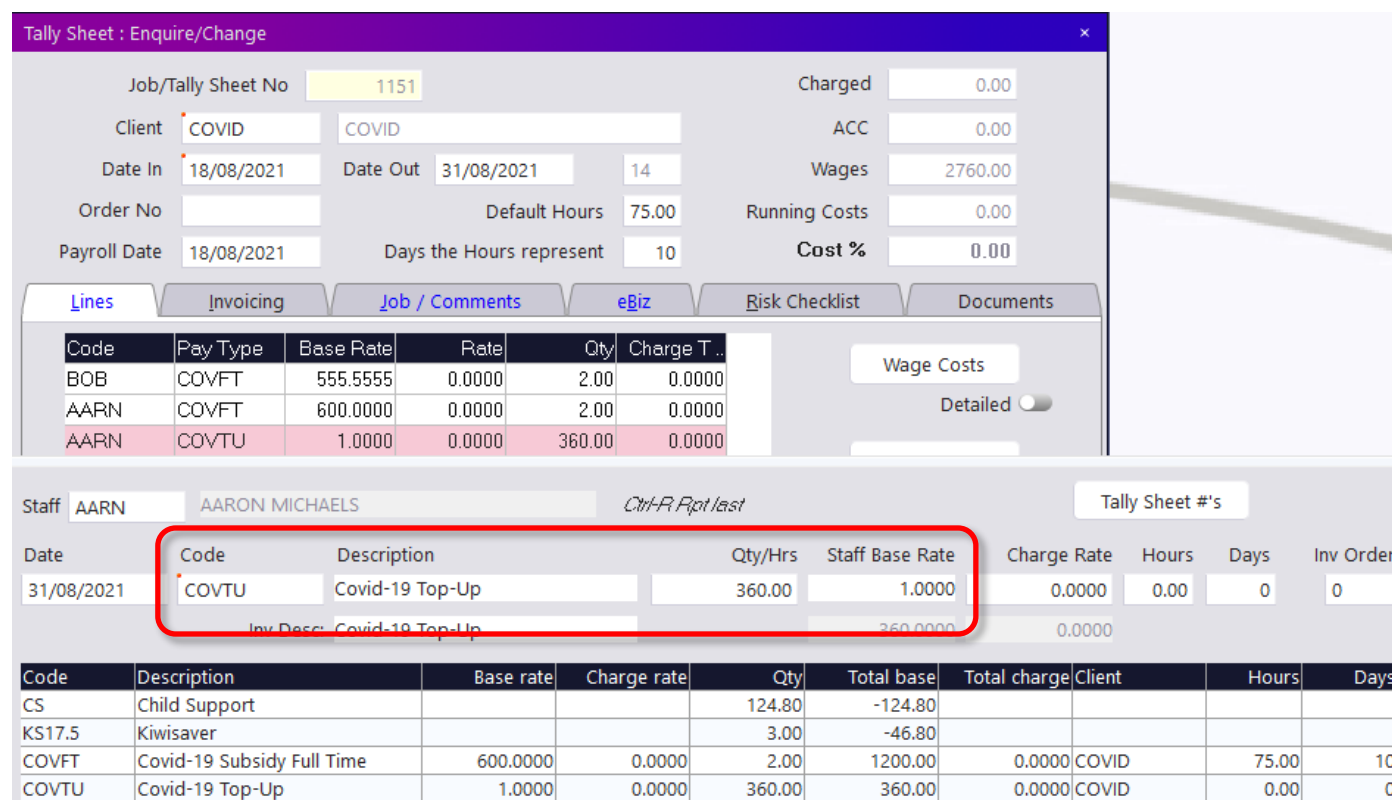- **The Average Days and Hours** report in the Reports Menu

Add the lines to the Job/Tally Sheet

1. Add the appropriate Wage Subsidy allowance.
2. Add a second line for each employee for the Top-Up pay type. In the Quantity field, enter the balance required to make their Gross amount at least 80% of the normal pay.

   Eg: An employee who normally works 30 hours, with a 'normal pay' of $1200 before tax, employer now paying 80%:
   - 80% of $1200.00: 0.8 x 1200.00 = 960.00
   - Less Wage Subsidy of $600.00: 960 – 600 = 360
   - Amount to enter as the Qty on the Top-Up line: $360

   Enter the appropriate hours and days for the pay-period on one of the lines, so the Average Hourly Rate calculates correctly going forward. Eg in the example below I have used 75 hours and 10 days for two weeks:

Figure 5: Example Tally Sheet with both Wage Subsidy and Top-Up

Notes:

- *In this example I have added a new Debtor called COVID to keep all the payments together*
- *If not paying the full 80% of the employee's wages, please adjust the hours on the tally sheet line to reflect this.*
  E.g. if only paying half, then halve the hours.

Pay Wages in the usual manner.

Wage Subsidy AND Employee is Working

The following is how to calculate <mark>MINIMUM PAYMENTS UNDER THE WAGE SUBSIDY SCHEME</mark>

You can always pay more than the minimum.

Process the Job/Tally Sheets in the normal manner.

Gross Wages less than Subsidy

1. 'Normal Pay' is greater than value of the Wage Subsidy - Use the Top-Up Allowance to increase their Taxable Gross to at least the value of the Wage Subsidy

2. 'Normal Pay' is less than the value of the subsidy – Top up only to the value of their 'Normal Pay'

Calculate the Top-Up for Permanent Staff

Example:
Permanent Part Time Employee HELW
- Get 4 weeks of Annual Leave per year
- Average Hours/Week are less than 20 so entitled to $359.00 wage subsidy
- 'Normal Pay' is greater than the subsidy

This week HELW earns $161.25
This is less than the Subsidy value of $359, so their pay needs to be topped up.
$359 - $161.25 = <mark>$197.75</mark>

Add the Top-Up allowance so the Taxable Gross is at least $350 and adjust the Hours and Days to reflect the 'usual' work pattern:

Lines	Invoicing	Job / Comments	eBiz	Risk Checklist	Documents

Code	Pay Type	Base Rate	Rate	Qty	Charge T...		
HELW	COVTU	1.0000	0.0000	197.75	0.0000		Wage Costs

Staff HELW   HELEN WALTERS   Ctrl-R Rpt last   Tally Sheet #'s

Date	Code	Description	Qty/Hrs	Staff Base Rate	Charge Rate	Hours	Days	Inv Order
31/08/2021	COVTU	Covid-19 Top-Up	197.75	1.0000	0.0000	10.00	2	0
	Inv Desc: Covid-19 Top-Up			197.7500	0.0000			

Code	Description	Base rate	Charge rate	Qty	Total base	Total charge	Client	Hours	Days
KS10.5	Kiwisaver			3.00	-10.77				
SHC	Certified Shedhand	21.5000	0.0000	7.50	161.25	0.0000	BROWF	7.50	1
A3	Shedhand Non Tax Allowance	2.0000		7.50	15.00		BROWF	0.00	0
COVTU	Covid-19 Top-Up	1.0000	0.0000	197.75	197.75	0.0000	BROWF	10.00	2

Figure 6: Top-up to the Subsidy Value for Permanent Staff

Figure 7: Payslip Example

Calculate the Top-Up Including 8% Holiday Pay

If your accountant advises you to include the 8% Holiday Pay-As-You-Go in the Subsidy for Casual and Fixed Term (less than 12 months) employees, then use this example:

Fixed Term Employee DEMA
- Gets 8% Holiday Pay paid out each pay
- Average Hours/Week are greater than 20 so entitles to $600.00 wage subsidy
- 'Normal Pay' is greater than the subsidy

This week DEMA earns $150.50 + holiday pay $12.04. Taxable Gross = $162.54
This is less than the Subsidy value of $600.00, so their pay needs to be topped up
$600.00- $162.54 = $437.46
This amount includes 8% Holiday Pay, so need to take that out:
$437.46 / 1.08 = **$405.06**

Add the Top-Up allowance so the Taxable Gross is at least $600.00 and adjust the Hours and Days to reflect the 'usual' work pattern:

Figure 8: Top-up to the Subsidy Value for Permanent Staff

Figure 9: Payslip Example