

National's Plan for Small Business: \$10k JobStart

The \$10k JobStart will provide a \$10,000 cash payment to businesses for all additional new employees.

As an emergency programme, it will begin on 1 November 2020 and run for five months through to the end of the financial year, 31 March 2021.

It will be administered by the IRD and will be reviewed in early January 2021.

The \$10,000 per new hire will be paid to all businesses that employ a person on a full-time, permanent basis where they can prove that the new hire is an additional Full Time Equivalent (FTE) over and above their existing labour force.

A first \$5000 payment will be paid on the hire, and a second \$5000 will be paid after 90 days.

The \$10k JobStart is for all New Zealand businesses but it is focussed on small businesses. It will be capped at 10 new employees, or \$100,000 per business. The scheme is capped at \$500 million – or 50,000 new jobs.

It takes a real commitment to take on a new, permanent employee in the current economic climate and this payment is only a partial offset of the cost of that new labour for any business.

Q&A

How many new jobs are expected to be created over the five month eligibility period?

- The number of new jobs created in any given period depends largely on the stage of the economic cycle. For example, under the previous National Government's final two terms in office there was an average of 10,000 net new jobs created a month. That includes all new jobs created less any jobs lost, for all businesses regardless of their size.

What happens if the number of new jobs created within the eligibility period exceeds the 50,000 budgeted for within the \$500 million cap?

- That would mean the scheme has been an overwhelming success. We have committed to reviewing the scheme in January 2021. This review will consider the success of the scheme, including uptake rates, and whether more funding is needed to incentivise new job creation.

Will businesses be able to port the scheme?

- The scheme is designed in a way that businesses must prove that the new hire is an additional Full Time Equivalent (FTE) over and above their existing labour force, based off their PAYE schedule. The payments are for additional jobs created. This requirement prevents businesses from recreating existing jobs for the purpose of obtaining the grant.
- We will require businesses to sign a statutory declaration – similar to the wage subsidy scheme – which includes employer obligations, including a requirement that the job is genuine, permanent and offered in good faith.
- Only existing businesses will be able to access the scheme.
- The scheme will be audited by IRD.

Is the \$10k JobStart taxable income?

- No. The payment will be tax exempt for businesses in a similar way the wage subsidy scheme is tax exempt.

How will businesses apply for the \$10k JobStart?

- The IRD will manage the scheme and businesses will simply have to apply to IRD with evidence they have hired an additional Full Time Equivalent (FTE) over and above their existing labour force, based off their PAYE schedule.

What happens if a business does not retain the employee?

- The first \$5000 payment will be paid on the hire, and the second \$5000 will be paid after 90 days. We will require businesses to sign a statutory declaration – similar to the wage subsidy scheme – which includes employer obligations, including a requirement that the job is genuine, permanent and offered in good faith.

How quickly will businesses receive the payment?

- IRD will transfer the payment to the business within 10 days of having the application approved.