



Small Business

New Zealand is facing its worst economic downturn in 160 years. Right now, more than 200,000 New Zealanders are on unemployment benefits. Another 280,000 are on the wage subsidy and whose jobs are at risk.

New Zealand needs a Government with the experience, the competence and the vision to rescue the economy, save businesses and protect jobs.

Labour's sole economic idea is more government spending, more debt and higher taxes.

National has a comprehensive five point plan to rescue the economy:

- Responsible Economic Management.
- Delivering Infrastructure.
- Reskilling and Retraining Our Workforce.
- A Greener, Smarter Future.
- Building Stronger Communities.

National will back the private sector, in particular our small businesses, to create jobs and get the economy moving again.

Labour, on the other hand, believe every job needs to be created by Government Ministers and make-work schemes. We understand that the only sustainable way to create new jobs is to reduce barriers, costs and uncertainty for the private sector and in particular small businesses.

Small businesses are critical for New Zealand's economic recovery. National will empower small businesses to grow, thrive and succeed.

National will:

- Reduce the cost and compliance of the tax system for small businesses.
- Encourage small businesses to invest in new equipment and machinery by allowing

them to immediately deduct new capital investments up to \$150,000.

- Encourage job creation for small businesses by providing a \$10,000 cash grant for new hires with our JobStart package and repealing Labour's changes to the Employment Relations Act.
- Reduce red tape on small businesses by reviewing WorkSafe to ensure it is focused on delivering a high performance culture and reducing the burden of Anti-Money Laundering rules.
- Provide New Zealanders who have lost their job up to \$30,000 in capital to put towards a new business idea through our BusinessStart package.

Lower Tax Cost and Compliance for Small Businesses

National knows the tax system imposes too much cost and compliance on small businesses. We will introduce a range of changes that reduce the cost and compliance of the tax system for small businesses:

National will:

- Not increase taxes or introduce any new taxes.
- Lift the threshold to expense new capital investment from \$5000 to \$150,000 per asset.
- Increase the provisional tax threshold from \$5000 to \$25,000.
- Raise the compulsory GST threshold from \$60,000 to \$75,000.
- Allow businesses to expense an asset once its depreciated value falls below \$3000, as opposed to having to continue to depreciate it until its depreciated tax value equals zero.
- Change the timing of the second provisional tax payments for those



businesses with a 31 March year end to 28 February (rather than 15 January).

- Ensure Use of Money rates charged by IRD more properly reflect appropriate credit rates and increase the interest rate paid on amounts owed by IRD to its customers.
- Increase the threshold to obtain a tax invoice from \$50 to \$500, to reduce compliance costs.
- Implement a business continuity test (rather than ownership test) to allow the carry forward of tax losses.
- Review depreciation rates for investments in energy efficiency and safety equipment.
- Consolidate the number of depreciation rates to reduce administrative burden.

Fairer Employment Law for Small Businesses

Right now, more than 200,000 New Zealanders are on unemployment benefits. Better employment law and incentives for job creation will help businesses take on new staff to get them off unemployment benefits.

National will simplify industrial relations legislation to reduce red tape and encourage businesses, in particular small businesses, to create new jobs.

Small businesses need to be trusted to do the right things by their staff without overly burdensome employment law and red tape holding them back.

National believes in a flexible, productive workplace where workers get a fair deal and businesses are productive. National supports an approach where employees and employers are trusted to work employment matters out themselves in good faith.

National backs the private sector to create jobs and get New Zealand moving again. Our JobStart policy will encourage businesses to create new jobs, get New Zealanders back into work and off Government welfare.

[National's JobStart scheme will:](#)

- Provide a \$10,000 cash payment to businesses that hire additional staff as part of our commitment to keeping New Zealanders in jobs.
- Give businesses greater confidence to hire new fulltime permanent staff and could incentivise up to 50,000 new jobs.

[As well as JobStart, National will:](#)

- Repeal the Government's changes to the Employment Relations Act.
- Simplify the employment dispute resolution process.
- Get rid of the "no win no fee" provisions in the Employment Relations Act.
- Ensure our laws and polices get the right balance between health and safety and productivity.

Better Cash Flow for Small Businesses

Cash flow is critical to small businesses. Only half of all businesses are cash flow positive at any one time.

When large businesses do not pay their bills on time or in a timely manner, then small businesses with limited working capital are the ones who suffer.

The Government promised Government departments would pay their bills faster, but there are still numerous reports of slow and late payments, which is hampering the cash flow of small businesses across New Zealand.

[National will:](#)

- National will guarantee all Government departments and Government agencies pay their contractors on time and within seven days.
- National will establish a 'Small Business Payments Guarantee' - a voluntary initiative committing large New Zealand businesses and not-for-profits to ensure New Zealand small businesses are paid on time and within 30 days.



Less Red Tape for Small Businesses

Excessive regulations hamper competitiveness and reduce productivity. National wants small businesses to thrive and not be strangled by red tape and bureaucracy.

National knows we need to regularly test whether regulations are still needed, remove barriers to new small businesses entering markets and streamline unnecessarily slow and expensive bureaucratic procedures.

Every worker should come home safely. National introduced WorkSafe five years ago to bring a new culture of performance and lift the health and safety outcomes in New Zealand. We would ensure WorkSafe continued on its track to being a high performance organisation. We would also make sure that workplaces have adequate protocols and procedures in a world with Covid-19.

WorkSafe should drive positive change in our health and safety culture, but also reflect the common sense management of modern workplaces. Health and Safety changes can have a major impact on small businesses. Procedures should be reasonable and avoid a culture of draconian enforcement at the expense of a collaborative approach to make our workplaces safer.

National will:

- Repeal the RMA and replace it with straight forward environmental standards.
- Simplify Anti-Money Laundering legislation by providing guidance to industry, via a National Policy Statement, on how to comply in a less costly manner, while continuing to meet our international obligations.
- Initiate a review of WorkSafe, five years since its inception, to ensure it is focused on delivering a high performance culture, with an emphasis on a collaborative and reasonable approach to health and safety improvement.
- Convene a joint initiative with IRD, ACC, Statistics NZ, MBIE and WorkSafe NZ to specifically identify areas of regulatory duplication for small businesses, specifically in terms of requests for information and unnecessary compliance costs.
- Require Government departments to measure the cost of compliance imposed on small businesses.

Better Access to Capital for New and Existing Small Businesses

Access to capital is one of the biggest issues holding back small businesses from getting ahead and limiting the creation of new businesses.

National wants to remove barriers that are limiting access to capital for new and existing businesses.

National wants New Zealanders who have lost their job have a better opportunity to start their own business. National believes Kiwis who have lost their job but have a bright idea should have access to their own money to start their own business.

National's BusinessStart package will:

- Make available to all Kiwis who have lost their job since 1 March 2020, or those who lose their jobs in the months ahead, a \$1000 voucher for them to get proper financial advice from a Chartered Accountant or Registered Financial Adviser on their ideas, and put together a viable business plan.

Once those business plans are signed off, BusinessStart recipients can access:

- Up to \$20,000 of their own money from their KiwiSaver account to help get their business going.
- At least \$10,000 in tax credits to pay GST or provisional tax when the business starts making a profit.
- A waiver from the Company Office registration fee of \$130.



-
- Free mentoring from advisers like chambers of commerce, employers and manufacturers associations and Business Mentors New Zealand from a new \$10 million contestable fund.

As well as BusinessStart, National will also increase access to capital for small businesses by:

- Implementing a business continuity test (rather than ownership test) to allow the carry forward of tax losses.
- Encouraging KiwiSaver providers to invest a small portion of their total funds in appropriate private equity/expansion capital opportunities involving New Zealand companies.