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The COVID-19 Resurgence Support Payments Scheme (March 2021) Order 2021

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The COVID-19 Resurgence Support Payments Scheme (March 2021) Order 2021 came into force on 8 March 2021 (the Order). This Order continues the COVID-19 resurgence support payments scheme first activated on 23 February by the COVID-19 Resurgence Support Payments Scheme (February 2021) Order 2021.

START DATE

8 March 2021

The COVID-19 Resurgence Support Payments Scheme (March 2021) Order 2021

Background

Section 7AAB of the Tax Administration Act 1994 (the TAA) authorises the Commissioner of Inland Revenue to make grants under the COVID-19 Resurgence Support Payments Scheme (the Scheme) if there is a period of raised COVID-19 alert levels in New Zealand. In general, the Scheme will be activated when there is a period of 7 days or more at the raised alert levels. The intention of the scheme is to provide for grants to be made to support businesses to cover their fixed costs when there is an escalation in COVID-19 alert levels and a reduction in revenue is suffered as a result.

Section 7AAC of the TAA is an empowering provision for the making of an Order in Council activating the Scheme, and determining the class of persons who can apply for the scheme and the payment amount.

On 15 February 2021, COVID-19 alert levels in New Zealand were raised. This escalation lasted 7 days, triggering the activation of the Scheme. New Zealand returned to alert level 1 on 22 February 2021. The *COVID-19 Resurgence Support Payments Scheme (February 2021) Order 2021* (the February Order) came into force on 23 February 2021 activating the Scheme.

On 28 February 2021, there was a further escalation of the alert levels for a period of at least 7 days, triggering a further affected revenue period for which applications may be submitted under the Scheme. The extension was made in the *COVID-19 Resurgence Support Payments Scheme (March 2021) Order 2021* (the March Order) which came into force on 8 March. The February Order was revoked on 8 March 2021.

The March Order continues the Scheme until the first working day that is at least one month after all of New Zealand returns to alert level 1.

Class of persons covered

The March Order sets out the class of persons eligible for a grant.

An eligible person must be one of:

- an individual who is self-employed

- a body corporate or an unincorporated body
- a registered charity
- an incorporated society
- a post-settlement governance entity
- a trust
- a partnership (as defined in sections 8 and 9 of the Partnership Law Act 2019)
- any department of State or organisation in the State services (as defined in section 5 of the Public Service Act 2020) that is approved by the Minister of Finance as a participant in the CRSP scheme
- a non-government organisation
- a pre-revenue firm; or
- a joint venture.

The person must be living in New Zealand, or if a non-natural person, registered or otherwise established in New Zealand. The person may be entitled¹ to receive a grant of money under the Scheme if they experience a minimum 30% revenue decline when comparing a consecutive 7-day period before the escalation in alert levels with a consecutive 7-day period that anywhere in New Zealand was at alert level 2 or above. The person must apply this revenue decline test in accordance with the eligibility criteria set by the Commissioner of Inland Revenue.

A person is eligible for one payment each time there has been an escalation in alert levels for at least 7 days, and the Government has activated the Scheme in respect of that escalation.

To qualify for a grant for the first resurgence of COVID 19, the 7-day period used to demonstrate a decline in revenue must be between 15 February to 22 February 2021 (both dates inclusive).

¹ Full eligibility criteria are set by the Commissioner of Inland Revenue.

To qualify for a grant for the second resurgence of COVID 19, the 7-day period used to demonstrate a decline in revenue must be within 28 February until the date immediately before all areas of New Zealand return to Alert level 1 (both dates inclusive).

Further eligibility requirements have been set out by the Commissioner of Inland Revenue under section 7AAB(3) of the Tax Administration Act 1994 and are published on the Inland Revenue website <https://www.ird.govt.nz/covid-19/business-and-organisations/resurgence-support-payment/eligibility>

Amount of the grant

The March Order sets out the amount of the payment that the person will be entitled to as the lesser of:

- \$1,500 plus \$400 for each full-time equivalent worker employed by the person (up to a maximum of 50 full-time equivalent workers); or
- 4 times the amount by which the eligible person's revenue has declined.

If they meet the relevant eligibility criteria, a person will be entitled to a payment for each period of escalation.

Applications

Applications in response to the first escalation opened on 23 February 2021 and may be submitted until the end of day on 22 March 2021. Applications for the second escalation opened on 8 March 2021. Further procedural requirements in relation to the making of an application have been set out by the Commissioner of Inland Revenue under section 7AAB(3) of the Tax Administration Act 1994 and are published on the Inland Revenue website <https://www.ird.govt.nz/covid-19/business-and-organisations/resurgence-support-payment/apply>

References

Legislative References

Tax Administration Act 1994: *sections 7AAB, 7AAB(3) and 7AAC.*

About this document

New legislation articles provide an explanation of the changes made in recently enacted tax-related legislation including acts, general and remedial amendments, and Orders in Council.