PROVIDING SOLUTIONS FOR YOUR BUSINESS.

COVID-19 WAGE SUBSIDY

Overview

We believe it is best practice to implement the correct accounting treatment of the government's Covid-19 subsidy from the outset. We have created a simple solution that is easily implemented in your Nimbus system. Adopting good practice now, could potentially save a lot of time at year-end, and it will help with compliance when accounting for this subsidy. Below are instructions that will allow you to set this up in your system.

Please note: This is meant as general guidance and should not be taken as financial or accounting advice. Please check with your accountant or advisor for clarity on your company's requirements.

What you need to do

It is necessary to create two accounts for the treatment of the Covid-19 subsidy, that you have received from the Ministry of Social Development (MSD):

1. Wage Subsidy Clearing Account
This is a Liability account (Balance Sheet)

2. Wage Subsidy Received Account
This is an Income account (PL)

Creating the Acounts

In Nimbus, go to Finance >GL Enquiry or Setup >Editor >General Ledger and create two new GST Exempt accounts e.g.

Wage Subsidy Clearing - Liability Accounts

Wage Subsidy Received - Income Account

| GL Index | 9090909 |
| Description | Wage Subsidy Received |

Notes about this account
Covid-19 Wage Subsidy Received

Branch	HO	Head Office
Division	Engineer	Engineering
Summary	Income	Income
Category	Income	Income
Detail	20	

Note: The combination of these five fields must be unique.

Report Sign	C	Balance Sheet ☐
GST Code	Exempt Exempt GST 0.00
Currency	

Integration-only Account ☐
Inventory ☐
Closed ☐

[New] [Copy] [Delete]   [OK] [Cancel] [Apply]

Accounting for the Subsidy
1. In the first instance, you should code the total amount to the Covid-19 subsidy received from MSD into the Wage Subsidy Clearing account. The Journal entry would look like this:

Account	DR	CR
Bank	XXXX	
Wage Subsidy Clearing Account		XXXX

Accounting for the Subsidy
2. After each pay run a journal should be created, transferring the subsidy from the Clearing account to the Wage Subsidy Received account in the P&L:

Account	DR	CR
Wage Subsidy Clearing Account	XX	
Wage Subsidy Received Account		XX

When the total subsidy has been paid to the employees, the Wage Subsidy Clearing account will be zero and the Wage Subsidy Received account will equal the total amount of subsidy received by the company.

Tracking relevant Documentation
In the months to come you will find it hard to remember what was agreed and why. Therefore, it may also help to keep all source and supporting documentation in the form of employee communication, emails, documents etc in one area for quick and easy access. You can attach them to the account via the doc store and/or via a call log.

All Done
Implementing this solution should be relatively quick and easy to set up and maintain. However, our support desk is operating as usual, so if you have any queries, please email us at support@nimbus.co.nz.

Short on Time?

You may have other priorities right now so we can set this up for you. Please email us at support@nimbus.co.nz to find out more.