



# KPMG Alumni News

APRIL 2020

## Welcome to the April edition of the KPMG New Zealand Alumni News.

It has been a difficult and unusual time for us Kiwis and an uncertain one for all businesses in New Zealand. We hope all our alumni and their families are staying safe during this time and looking forward to some of the extra activities now allowed under the Level 3 lockdown rules. We have collated our latest news and publications on the current business environment which we hope will be helpful to you. Kia Kaha, take care of yourselves and your family.

### Treasury's COVID-19 Economic Scenarios



The New Zealand Treasury has released the outcome of possible COVID-19 "lockdown" scenarios. Various scenarios are considered where New Zealand moves between different alert levels over short periods of time, with the subsequent impact on the economy such as real GDP, unemployment rate, inflation and nominal GDP.

KPMG shares insights and observations on the various scenarios [here](#) and you can read the Government press release, including the Treasury's report [here](#).

For more on the Government's fiscal response to date and how your business can navigate COVID-19, please refer to our dedicated [COVID-19 website](#).

#### Get in touch

##### [John Cantin](#)

Partner – Tax

### COVID-19 Tax Measures – The Sequel



The trouble with using the tax system for business support is the lag in providing cash. The New Zealand Minister of Finance announced three tax measures on 15 April 2020 (factsheet available [here](#)) where there is a clear focus on providing and enabling cashflow and freeing Inland Revenue's ability to respond.

The three tax measures announced are – a tax loss "carry back" rule which allows refunds of tax paid in a prior year; a same or similar business test to allow tax losses to be carried forward; and a temporary rule to give Inland Revenue flexibility to relax time frames and processes without the need for Cabinet approval.

These measures, which will apply to all businesses (not just small business), reflect suggestions to Government and considerable hard work by the Inland Revenue and Treasury. They are very welcome measures. However, they will need to be carefully assessed before businesses use them.

To read our full analysis of these latest changes, please click [here](#).

#### Get in touch

##### [John Cantin](#)

Partner – Tax

##### [Darshana Elwela](#)

Partner – Tax

### FIPS Quarterly: December 2019

**Banks face challenges amid COVID-19 disruption.**



The banking sector is currently facing significant economic implications given the magnitude and speed at which the COVID-19 pandemic is developing both locally and globally.

KPMG's Financial Institutions Performance Survey (FIPS) reveals a further drop in profit for New Zealand banks for the quarter ending December 2019 following a significant drop in the September quarter. A decrease in non-interest and an increase in the impaired asset expense drove the results. Despite the drop in profit, loan book growth continued in the quarter.

Regulators have taken some pressure off deadlines for regulatory compliance with new regulatory proposals pending. There have also been a number of key Government and RBNZ announcements to consider.

As the situation evolves, there will no doubt be further challenges ahead for the banking sector. You can find key information and full results for the quarter in our latest FIPS publication [here](#).

#### Get in touch

##### [John Kensington](#)

Partner - Audit, Head of Banking & Finance

### Webinar: Leaving Lockdown – Lessons from China & International trade in New Zealand's key markets



KPMG Partners and Directors discuss considerations for businesses at Alert Level 3. Joined by Anson Bailey, KPMG's Head of Consumer and Retail ASPAC, who shares lessons from how China has emerged from lockdown, before examining what is happening in some of New Zealand's key export markets and what Kiwi businesses need to be thinking about as we ramp up production. Watch the webinar [here](#).

## Webinar: Looking Forward for Technology Leaders



Technology leaders would've been incredibly busy enabling their organisations to operate during lockdown. It's likely that focus has been on the immediate requirements, making necessary short-term decisions – this has been the Response Phase.

As we look into the future operating model, we predict two more phases – a Change Phase (April to September 2020) to respond to the economic and operational impacts and a Normalising Phase (October 2020 and beyond) to lock in new business models. Technology is vital to both.

What lies ahead for technology leaders? A panel of KPMG Partners and Directors from our IT Advisory team shares insights from recent Government data sets and provide guidance on business operations, projects and cloud and automation in our webinar [here](#).

KPMG Partner Mike Clarke also suggests actions to consider as we shift from a COVID-19 Response Phase to a Change Phase [here](#).

### Get in touch

[Mike Clarke](#)

Partner – IT Strategy & Performance Advisory

## Reporting Updates



Amongst the topics covered in this issue – we share KPMG's *Guidance on COVID-19* as well as guidance from ESMA and IASB on *COVID-19 impact on reporting ECLs*. We also look at *IFRS compared to US GAAP*, IFRS 17's new effective date and IFRS Interpretations Committee (IFRS IC) latest *Agenda Decisions*, in our Financial Reporting updates. In Business Reporting, we look at *Temporary relief by FMA and NZX, the Industry implications of COVID-19, TCFDs – Environmental Risk Outlook 2020*, and Reporting Climate Impacts. In Business Governance, we discuss what boards can do while dealing with COVID-19 and share a guide for New Zealand business executives and directors on COVID-19. Read our latest reporting updates [here](#).

## KPMG joins UNESCO's Global Education Coalition

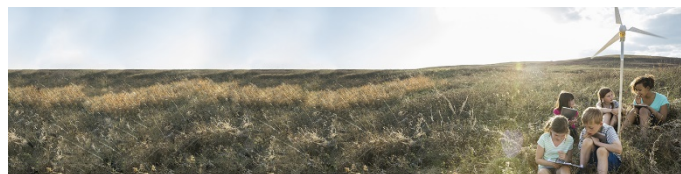


At a time when 91 percent of the world's student population is affected by COVID-19 school closures, UNESCO is launching a [global education coalition](#) to support countries in scaling up their best distance learning practices and reaching children and youth who are most at risk. More than 1.5 billion learners in 192 countries are affected by COVID-19 school closures.

KPMG is one of the private sector founding partners, along with Microsoft, GSMA, Weidong, Google, Facebook, Zoom and Coursera, who collectively will be donating resources and expertise around technology, notably connectivity, and capacity strengthening. It is a great example of KPMG living its purpose, building on its longstanding citizenship commitment to SDG 4 'Education and Lifelong Learning' and its expertise as a learning provider for clients and our people.

Multilateral partners include the International Labor Organization, the UN High Commission for Refugees, The United Nations Children's Fund, the World Health Organization, the World Food Programme, the Organization for Economic Cooperation and Development, and many more, all of which have stressed the need for swift and coordinated support to countries in order to mitigate the adverse impacts of school closures, in particular for the most disadvantaged.

## Earth Day marks 50 years



Earth Day's theme this year is 'Climate Action' and the [Earth Day Network](#) is again warning that we must act decisively to protect and restore the planet if we hope to overcome what it calls a "slowly building disaster for our climate."

This year, of course, we face the additional crisis of the current COVID-19 pandemic, which the Earth Day Network calls a harsh reminder of what's at stake in our fight for the planet's future.

As we mark [Earth Day 2020](#) and reflect on our collective global journey toward a truly sustainable future, we should not underestimate the power and influence of today's asset management industry to drive environmental and social change. There is no time to waste on responsible investing toward a sustainable global future. Read KPMG's full article [here](#).

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We value your connection with us and invite you to visit our Alumni website periodically to stay abreast of all the latest news and happenings at KPMG New Zealand. Please reach out to us if you would like additional information regarding any of the above topics.



### Aaron Woolsey

KPMG NZ Alumni Partner

[kpmg.com/nz/en/home/alumni.html](https://kpmg.com/nz/en/home/alumni.html)



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