

CARBONI & CO

CHARTERED ACCOUNTANTS



“Making Your
Business Count”

Federal Government Economic Response to Coronavirus

March 2020 - The following are tax-related measures included in the economic response to Coronavirus: -

FEDERAL GOVERNMENT - BOOSTING CASH FLOW FOR EMPLOYERS

The Boosting Cash Flow for Employers measure will provide up to \$25,000 back to business, with a minimum payment of \$2,000 for eligible businesses.

- The payment will be tax free.
- Eligibility Small and medium business entities with aggregated annual turnover under \$50 million and that employ workers will be eligible. Eligibility will generally be based on prior year turnover.
- The payment will be delivered by the Australian Taxation Office (ATO) as a credit in the activity statement system from 28 April 2020 upon businesses lodging eligible upcoming activity statements.
- Eligible businesses that withhold tax to the ATO on their employees' salary and wages will receive a payment equal to 50 per cent of the amount PAYG tax withheld, up to a maximum payment of \$25,000.
- Eligible businesses that pay salary and wages will receive a minimum payment of \$2,000, even if they are not required to withhold tax.

Timing

- The ATO will deliver the payment as a credit to the business upon lodgement of their activity statements. Where this places the business in a refund position, the ATO will deliver the refund within 14 days.
- Quarterly lodgers will be eligible to receive the payment for the quarters ending March 2020 and June 2020.
- Monthly lodgers will be eligible to receive the payment for the March 2020, April 2020, May 2020 and June 2020 lodgements. To provide a similar treatment to quarterly lodgers, the payment for monthly lodgers will be calculated at three times the rate (150 per cent) in the March 2020 activity statement. The minimum payment will be applied to the business' first lodgement.

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FEDERAL GOVERNMENT'S ECONOMIC RESPONSE TO CORONAVIRUS

Increasing the instant asset write-off

The Government is increasing the instant asset write-off threshold from \$30,000 to \$150,000 and expanding access to include businesses with aggregated annual turnover of less than \$500 million (up from \$50 million). This takes effect from 12 March 2020 until 30 June 2020.

Backing business investment

The Government is introducing a time limited 15 month investment incentive (from 12 March 2020 through to 30 June 2021) to support business investment and economic growth over the short term, by accelerating depreciation deductions. Businesses with a turnover of less than \$500 million will be able to deduct 50 per cent of the cost of an eligible asset on installation, with existing depreciation rules applying to the balance of the asset's cost.

Other measures

Supporting apprentices and trainees - Wage assistance to help small businesses to keep their apprentices and trainees. (1 January 2020 to 30 September 2020)

Stimulus payments - One-off payment of \$750 to social security, veteran and other income support recipients and eligible concession card holders to support confidence and domestic demand in the economy. (From 31 March 2020)

Support for Coronavirus affected regions and communities - Financial support to help regions and communities most affected by the Coronavirus to recover. (As soon as practicable)

STATE GOVERNMENT CORONAVIRUS STIMULUS PACKAGE

As part of the stimulus package, \$450 million has been allocated to waive payroll tax for businesses with payrolls of up to \$10 million for three months.

AUSTRALIAN TAXATION OFFICE (ATO) SUPPORT FOR BUSINESS

Payment deferrals – The ATO may defer some payments and vary instalments you have due. These include your income tax, activity statement, pay as you go (PAYG) instalments, FBT and excise payments by up to **six months**.

Varying PAYG instalments - If you are a quarterly pay as you go (PAYG) instalments payer you can vary your PAYG instalments on your activity statement for the March 2020 quarter. You can do this by lodging a revised activity statement **before your instalment is due** and before you lodge your tax return for the year. Taxpayers that vary their PAYG instalment rate or amount can also claim a refund for any instalments made for the September 2019 and December 2019 quarters.

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