

CARBONI & CO

CHARTERED ACCOUNTANTS



“Making Your
Business Count”

Federal Government Economic Response to Coronavirus

The following are tax-related measures included in the Coronavirus economic response package Omnibus bill 2020 passed in parliament 24 March 2020: -

SUPPORT MEASURES FOR BUSINESS

Boosting cash flow for employers measure

The Government is enhancing the Boosting Cash Flow for Employers measure it announced on 12 March 2020. The Government is providing up to \$100,000 to eligible small and medium-sized businesses, and not for-profits (NFPs) that employ people, with a minimum payment of \$20,000 for 2 periods. An additional payment is also being introduced in the July – October 2020 period.

First payment – Boosting cash flow for Employers payment

- The payments will be tax free.
- **Eligibility** 1st payment- 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 **100% per cent of the amount PAYG tax withheld**, up to a maximum payment of \$50,000. (Increased from \$25,000 from 1st package).
- Eligible businesses that pay salary and wages will receive a minimum payment of \$10,000, even if they are not required to withhold tax. (Increased from \$2,000)

Type of lodger	Eligible period	Lodgement due date
Quarterly	Quarter 3 (January, February and March 2020)	28 April 2020
	Quarter 4 (April, May and June 2020)	28 July 2020
Monthly	March 2020	21 April 2020
	April 2020	21 May 2020
	May 2020	21 June 2020
	June 2020	21 July 2020

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- 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 (300 per cent) in the March 2020 activity statement. The minimum payment will be applied to the business' first lodgement.

Second payment – additional payment

- An additional payment is also being introduced in the July – October 2020 period up to a maximum of \$50,000.
- To qualify for the additional payment, the entity must continue to be active.
- Eligible entities will receive an additional payment **equal to the first payment** total of all of the Boosting Cash Flow for Employers payments they have received. This means that eligible entities will receive at least \$20,000 up to a total of \$100,000 under both payments
- For monthly activity statement lodgers, the additional payments will be delivered as an automatic credit in the activity statement system. This will be equal to a quarter of their total initial Boosting Cash Flow for Employers payment (first payment) following the lodgement of their June 2020, July 2020, August 2020 and September 2020 activity statements (up to a total of \$50,000).
- For quarterly activity statement lodgers the additional payments will be delivered as an automatic credit in the activity statement system. This will be equal to half of their total initial Boosting Cash Flow for Employers payment (first payment) following the lodgement of their June 2020 and September 2020 activity statements (up to a total of \$50,000).
- **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.

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

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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.

Temporary relief for financially distressed businesses

The elements of the package are:

- A temporary increase in the threshold at which creditors can issue a statutory demand on a company from \$2,000 to \$20,000 and the time companies have to respond to statutory demands they receive to 6 months;
- A temporary increase in the threshold for a creditor to initiate bankruptcy proceedings, an increase in the time period for debtors to respond to a bankruptcy notice, and extending the period of protection a debtor receives after making a declaration of intention to present a debtor's petition;
- Temporary relief for directors from any personal liability for trading while insolvent; and
- Providing temporary flexibility in the Corporations Act 2001 to provide targeted relief for companies from provisions of the Act to deal with unforeseen events that arise as a result of the Coronavirus health crisis.

Supporting apprentices and trainees

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

2. SUPPORT FOR THE FLOW OF CREDIT MEASURES

- Under the Coronavirus SME Guarantee Scheme, the Government will provide a guarantee of 50 per cent to SME lenders to support new short-term unsecured loans to SMEs.

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3. SUPPORT FOR HOUSEHOLDS AND INDIVIDUALS

Coronavirus supplement \$550 per week

- The Government is temporarily expanding eligibility to income support payments and establishing a new, time-limited Coronavirus supplement to be paid at a rate of \$550 per fortnight. This supplement will be paid to both existing and new recipients of the eligible payment categories. These changes will apply for the next six months.
- **Expanded access** - For the period of the Coronavirus supplement, there will be expanded access to the income support payments. Jobseeker Payment and Youth Allowance Jobseeker criteria will provide payment access for permanent employees who are stood down or lose their employment; sole traders; the self-employed; casual workers; and contract workers who meet the income tests as a result of the economic downturn due to the Coronavirus. This could also include a person required to care for someone who is affected by the Coronavirus.
- **Reduced means testing:** Asset testing for JobSeeker Payment, Youth Allowance Jobseeker and Parenting Payment will be waived for the period of the Coronavirus supplement. Income testing will still apply to the person's other payments, consistent with current arrangements.

Payments to support households

- The Government is providing two separate \$750 payments to social security, veteran and other income support recipients and eligible concession card holders. The first payment will be made from 31 March 2020 and the second payment will be made from 13 July 2020. Around half of those that benefit are pensioners

Temporary early release of superannuation

- The Government is allowing individuals affected by the Coronavirus to access up to \$10,000 of their superannuation in 2019-20 and a further \$10,000 in 2020-21. Individuals will not need to pay tax on amounts released and the money they withdraw will not affect Centrelink or Veterans' Affairs payments.
- From mid-April 2020, eligible individuals will be able to apply online through myGov to access up to \$10,000 of their superannuation before 1 July 2020. They will also be able to access up to a further \$10,000 from 1 July 2020 for approximately three months.
- **Eligibility** To apply for early release you must satisfy any one or more of the following requirements: • you are unemployed; or

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- you are eligible to receive a job seeker payment, youth allowance for jobseekers, parenting payment (which includes the single and partnered payments), special benefit
- or farm household allowance; or
- on or after 1 January 2020: you were made redundant; or
 - your working hours were reduced by 20 per cent or more;
 - if you are a sole trader — your business was suspended or there was a reduction in your turnover of 20 per cent or more.

Temporarily reducing superannuation minimum drawdown rates

- The Government is temporarily reducing superannuation minimum drawdown requirements for account-based pensions and similar products by 50 per cent for 2019-20 and 2020-21.

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.