

Snapshot

Hang in there.

This is a quick reference to the COVID-19 related tax and financial support that might be available to you.

The Government has flagged that more support is coming and we will keep you updated of changes that are likely to impact on you.

The stimulus and support packages help, but there are gaps and they will not return most adversely impacted businesses or people back to their pre-pandemic position. It will all take time.

It's important to understand the timing of the each of the measures as many are not immediate. You also need to understand who is eligible and how. We are here to help you as much as we can to ensure that you have the right information and can make informed decisions.

There are a few peculiarities with the support measures and incentives, and they will not apply equally across the community.

When it comes to the cash flow boost of up to \$100,000 for business for example, sole traders and partners in a partnership are dealt with differently to those operating a business through a company or trust. While the cash flow boost measure can potentially apply to salary and wages paid to staff, amounts allocated or paid to sole traders or partners cannot really be taken into account.

When business owners are operating through a company or trust structure the outcome of the incentives can be significantly different depending on how they are funds are being taken from the business. The cash flow boost measure doesn't take into account dividends or trust distributions paid to business owners, but can take into account salary, wages or directors fees paid to the same individuals. There are also integrity rules preventing artificial or contrived arrangements from being used to access the cash flow boost.

12 March 2020 is a crucial date for accessing the cash flow boost. Relatively new business entities that have not lodged any tax returns or activity statements by 12 March 2020 might miss out unless the Commissioner grants discretion around the timing requirements.

Also, with the \$1,500 wage subsidy, employees eligible for the subsidy had to be employed by the business claiming the subsidy as at 1 March 2020. Some will miss out.

It can be confusing and frustrating but we will help you work through it and ensure that you are able to access the support that is available to you.

From	Stimulus	Eligibility	Trigger for support
Business			
30 March for up to six months	<ul style="list-style-type: none"> • \$1,500 JobKeeper payment. A \$1,500 (before tax) per fortnight per employee wage subsidy paid through employers to the employee and administered by the ATO. 	<ul style="list-style-type: none"> • Employer - > 30% downturn (>50% for businesses with turnover of \$1bn or more) • Employee – employed as at 1 March (other conditions apply) • Self-employed individuals can also access this 	<ul style="list-style-type: none"> • Employer applies to ATO
From 28 April 2020	<ul style="list-style-type: none"> • Tax-free cash flow support between \$20,000 and \$100,000 (paid in two rounds of up to \$50,000) for businesses with an annual aggregated turnover < \$50 million and make certain payments to staff by 30 June 2020. 	<ul style="list-style-type: none"> • Annual aggregated turnover < \$50m • Pay staff between 1 January 2020 and 30 June 2020 (includes not-for-profit businesses) • Business must have been established by 12 March 2020 	<ul style="list-style-type: none"> • Automatic on lodgement of March Activity Statement and later Activity Statements
12 March 2020 – 30 June 2020	<ul style="list-style-type: none"> • Instant asset write-off increased to \$150,000 and extended to businesses with an annual turnover < \$500 million 	<ul style="list-style-type: none"> • Annual turnover < \$500m • Assets used or installed ready for use between 12 March and 30 June 2020 	<ul style="list-style-type: none"> • 2019-20 tax return lodgment
12 March 2020 – 30 June 2021	<ul style="list-style-type: none"> • Accelerated depreciation deductions - ability to deduct 50% of the cost of the asset plus normal depreciation deductions on the remaining cost amount in the year of purchase. 	<ul style="list-style-type: none"> • Annual turnover < \$500m • New assets acquired from 12 March and used or installed ready for use by 30 June 2021 	<ul style="list-style-type: none"> • 2019-20 and 2020-21 tax return lodgment
1 Jan 2020 – 30 Sept 2020	<ul style="list-style-type: none"> • Wage subsidy of 50% of an apprentice's or trainee's wage for up to 9 months from 1 January 2020 to 30 September 2020. Accessible to businesses with less than 20 employees. 	<ul style="list-style-type: none"> • Businesses with < 20 employees • Employee must have been paid by business from 1 March 2020 	<ul style="list-style-type: none"> • Applications from 2 April through Australian Apprenticeship Support

From	Stimulus	Eligibility	Trigger for support
	Employers receive up to \$21,000 per apprentice (\$7,000 per quarter).		Network providers
25 March – 24 September 2020	<ul style="list-style-type: none"> • Solvency safety net – temporary 6 month increase to the threshold at which creditors can issue a statutory demand on a company from \$2,000 to \$20,000, and an increase in the time companies have to respond from 21 days to 6 months. 	<ul style="list-style-type: none"> • Companies and directors • Debts incurred in the ordinary course of running the business 	
25 March – 24 September 2020	<ul style="list-style-type: none"> • Safe harbour from director's duty to prevent trading while insolvent – a safe harbour for directors temporarily trading while insolvent as a result of the pandemic 	<ul style="list-style-type: none"> • Company directors • Debts incurred in the ordinary course of running the business 	
	<ul style="list-style-type: none"> • Ability to reduce PAYG instalments amounts to zero for March. • Can claim a refund of PAYG for September 2019 and December 2019. 	<ul style="list-style-type: none"> • Financial distress 	<ul style="list-style-type: none"> • Contact the ATO
	<ul style="list-style-type: none"> • Up to 6 month deferral for payment of activity statements, income tax, FBT, excise duty 	<ul style="list-style-type: none"> • Financial distress 	<ul style="list-style-type: none"> • Contact the ATO
	<ul style="list-style-type: none"> • Ability to move from quarterly to monthly reporting for those who need access to GST credits quickly 	<ul style="list-style-type: none"> • Quarterly GST reporters 	<ul style="list-style-type: none"> • Contact the ATO
	<ul style="list-style-type: none"> • Bank support for landlords who do not evict their commercial tenants 	<ul style="list-style-type: none"> • Landlords of commercial property with loans <\$10m 	<ul style="list-style-type: none"> • Contact bank
Individuals			
25 March – 24 September 2020	<ul style="list-style-type: none"> • Expanded access, reduced asset testing, and waiting times for social services payments Access to social services payments has been expanded to sole traders and contractors, and those who have been stood down. Waiting times to access support has also been reduced. 	<ul style="list-style-type: none"> • Sole traders, the self-employed, casuals or contractors whose income has reduced • Permanent employees stood down (and not receiving any 	<ul style="list-style-type: none"> • Unemployed, stood down or reduced income

From	Stimulus	Eligibility	Trigger for support
	Asset testing has also been suspended. Income tests still apply.	<ul style="list-style-type: none"> payments from employers or insurers) • Carers of people affected by Coronavirus • Subject to income testing 	
27 April 2020 for 6 months	<ul style="list-style-type: none"> • \$550 Coronavirus supplement - paid fortnightly to certain social services recipients for 6 months 	<ul style="list-style-type: none"> • Individuals receiving eligible social services payments 	<ul style="list-style-type: none"> • Automatic
12 March 2020 – 13 April 2020, and 25 March – 24 Sept 2020	<ul style="list-style-type: none"> • Tax-free \$750 income support payments paid in March/ April and again in June to certain social services recipients 	<ul style="list-style-type: none"> • Individuals receiving certain social services payments 	<ul style="list-style-type: none"> • Automatic
25 March – 24 September 2020	<ul style="list-style-type: none"> • Bankruptcy safe harbour. Amount of debt required by a creditor to initiate bankruptcy proceedings increased to \$20,000, and time to respond to bankruptcy notice increased to 6 months. 	<ul style="list-style-type: none"> • Proceedings initiated between 25 March and 24 September 2020 	
1 May 2020	<ul style="list-style-type: none"> • Deeming rates reduced – from 1 May, deeming rates reduced to a lower rate of 0.25% and upper rate of 2.25%. 		
Superannuation			
25 March – 24 September 2020	<ul style="list-style-type: none"> • Early release of up to \$10,000 in superannuation – individuals in financial distress able to access up to \$10,000 of their superannuation in 2019-20, and a further \$10,000 in 2020-21. Withdrawals are tax-free and will not affect Centrelink or Veterans' Affairs payments. 	<ul style="list-style-type: none"> • Unemployed • Eligible certain social service payments • Redundancy, working hours reduced $\geq 20\%$, or for sole traders, reduction in turnover by $\geq 20\%$ 	<ul style="list-style-type: none"> • Applications through myGov from mid-April 2020
2019-20 and 2020-21	<ul style="list-style-type: none"> • Temporary reduction in minimum superannuation draw down rates – superannuation minimum drawdown requirements for account based pensions and similar products 	<ul style="list-style-type: none"> • All account-based and similar pensions 	

From	Stimulus	Eligibility	Trigger for support
	reduced by 50% in 2019-20 and 2020-21.		
1 May 2020	<ul style="list-style-type: none"> • SMSFs with commercial property able to provide rent relief to tenants 	<ul style="list-style-type: none"> • Trustee assessment 	<ul style="list-style-type: none"> • Pandemic related financial distress of tenant

V3 Updated: 2.4.20 11.24am Credit: Knowledge Shop