

Australian Government COVID-19 Stimulus Measures – Small Businesses

Federal and NSW

7 April 2020

Important notes

- ▶ This document provides a snapshot of the measures announced by the Australian Federal and NSW state governments as at 7 April 2020 in response to the COVID-19 crisis.
- ▶ The measures outlined in this document applies to small businesses with less than \$10 million turnover in FY19 and FY20. Some measures may apply to businesses with higher turnover, eligibility criteria are listed.
- ▶ This is a general summary for information purposes only and does not constitute advice and should not be relied on as such. Professional advice should be sought from your tax agent/BAS agent prior to any action being taken in reliance on any of the information.



Federal measures

1. JobKeeper payment – Employer

- ▶ Eligibility
 - ▶ < \$1 billion turnover (and if part of a group for income tax purposes, the group has a combined turnover of less than \$1 billion); and
 - ▶ Estimate that turnover has fallen or will likely fall by 30% or more (of at least a month) compared to the turnover in a corresponding period a year earlier; and
 - ▶ Businesses that are not in liquidation.
 - ▶ Turnover defined according to the current calculation for GST purposes, as reported on Business Activity Statements, which includes all taxable supplies and all GST free supplies but not input taxed supplies, with some modifications for businesses that are part of a GST group. Under the GST law, only Australian based sales are included, therefore only Australian based turnover is relevant and a decline in overseas operations will not be counted in the turnover test.
- ▶ Measure
 - ▶ Fortnightly payment of \$1,500 per 'eligible employee' from 30 March 2020, for a maximum period of 6 months.
 - ▶ Only able to claim the JobKeeper payment for 'eligible employees' that were your employees on 1 March 2020, and continue to be employed while you are claiming the JobKeeper payment.
 - ▶ An eligible employee is an employee who:
 - ▶ Is currently employed by the eligible employer (including those stood down or re-hired);
 - ▶ Is a full-time or part-time employee, or a casual employed on a regular and systematic basis for longer than 12 months as at 1 March 2020;
 - ▶ Was aged 16 years or older at 1 March 2020;
 - ▶ Was an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) Visa Holder at 1 March 2020;
 - ▶ Was a resident for Australian tax purposes on 1 March 2020; and
 - ▶ Is not in receipt of a JobKeeper Payment from another employer.
- ▶ How to apply
 - ▶ ATO application link to be announced.
 - ▶ Register for interest: <https://www.ato.gov.au/general/gen/JobKeeper-payment/>
- ▶ Link
 - ▶ <https://treasury.gov.au/coronavirus/jobkeeper>

2. Cash flow support – Initial and additional cash flow boost

- ▶ Eligibility
 - ▶ < \$50m aggregated annual turnover;
 - ▶ Held an ABN on 12 March 2020 and continues to be active;
 - ▶ Made eligible payments you are required to withhold from even if the amount you need to withhold is zero (e.g. salary and wages);
 - ▶ Derived business income in the 2018-19 income year and lodged your FY19 tax return on or before 12 March 2020;
 - ▶ Made GST taxable, GST free or input-taxed sales in a previous tax period (since 1 July 2018) and lodged the relevant activity statement on or before 12 March 2020.
- ▶ Measure
 - ▶ Tax-free payment of between \$10,000 and \$50,000 – paid in two equal tranches.
 - ▶ First payment:
 - ▶ From 28 April 2020.
 - ▶ Calculated at 100% of the quarterly activity statement PAYG withheld on salaries and wages paid (minimum \$10,000 and up to \$50,000). The minimum credit will be \$10,000, even if the amount required to be withheld is zero.
 - ▶ Additional payment:
 - ▶ From 28 July 2020.
 - ▶ Equal to initial payment.
 - ▶ Paid in equal instalments up to 30 September lodgements.
- ▶ How to apply
 - ▶ Payment will be delivered by the ATO as an automatic credit in the activity statement system from 28 April 2020 upon employers lodging eligible upcoming activity statements.
- ▶ Link
 - ▶ <https://www.business.gov.au/Risk-management/Emergency-management/Coronavirus-information-and-support-for-business/Boosting-cash-flow-for-employers>
 - ▶ [https://www.ato.gov.au/Business/Business-activity-statements-\(BAS\)/In-detail/Boosting-cash-flow-for-employers/](https://www.ato.gov.au/Business/Business-activity-statements-(BAS)/In-detail/Boosting-cash-flow-for-employers/)

3. Wage subsidies supporting apprentices and trainees

- ▶ Eligibility
 - ▶ < 20 full-time employees and retain an apprentice or trainee.
 - ▶ Apprentice or trainee must be in training with a small business as at 1 March 2020.
- ▶ Measure
 - ▶ Wage subsidy of 50% of the apprentice's or trainee's wage paid during the 9 months from 1 January 2020 to 30 September 2020.
 - ▶ Where a small business is not able to retain an apprentice, the subsidy may available to a new employer of any size that re-employs that out-of-trade apprentice/ trainee.
 - ▶ Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter).
- ▶ How to apply
 - ▶ Contact an Australian Apprenticeship Support Network (AASN) provider, who will undertake an eligibility assessment. Final claims for payment must be lodged by 31 December 2020.
- ▶ Link
 - ▶ https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Assistance_for_businesses.pdf
 - ▶ <https://www.business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business/supporting-apprentices-and-trainees>

4. ATO administrative concessions – Employers

(will not be automatically implemented and requires interaction with the ATO at 1800 806 218)

- ▶ **I can't afford to pay super guarantee contributions by the due date because of COVID-19. What do I need to do?**

Pay as much as you can by the due date, even if you can't pay in full. This will reduce the super guarantee charge.

If you didn't pay the full super guarantee by the due date:

- ▶ Lodge a Super guarantee charge statement
- ▶ Pay the charge to the ATO.

If you do this within the month, there will be no penalties. Interest will still apply.

- ▶ **My employees are temporarily working overseas because of COVID-19. Does this affect my super guarantee obligations?**

No change to your super guarantee obligations if for short term period.

- ▶ **My employee is not an Australian resident. They are working in Australia temporarily as a displaced employee because of COVID-19. What are my employer obligations?**

Same kind of tax obligations for all employees you have working in Australia.

- ▶ Link

- ▶ <https://www.ato.gov.au/General/COVID-19/In-detail/COVID-19-frequently-asked-questions/?page=3#Employers>

5. ATO administrative concessions – Payments to the ATO

(will not be automatically implemented and requires interaction with the ATO at 1800 806 218)

▶ **Can I defer the due dates for tax payments that were due before 23 January 2020?**

No. However, you can request a:

- ▶ Remission of interest that has accrued on those debts from 23 January 2020;
- ▶ Low interest payment arrangement.

▶ **Can I defer the due dates for tax payments that were due after 23 January 2020?**

Yes – need to be discussed with the ATO.

▶ **I expect to owe tax at the end of the year, but I need cash flow relief now, what can I do?**

Through instalment notice withdrawal or backdate of withdrawal, or variation of PAYG instalment rate.

▶ **Can I vary my PAYG withholding amounts from employees to zero on my next activity statement, in the same way as I can vary my PAYG instalments?**

No. Variations to your PAYG instalment liability only applies to instalments you pay towards your own tax liabilities. It does not apply to tax you withhold from your employee wages. You will still need to report and pay these amounts.

▶ **Link**

- ▶ https://www.ato.gov.au/General/COVID-19/In-detail/COVID-19-frequently-asked-questions/?page=4#Payments_and_reporting

6. ATO administrative concessions – Interest and penalties

(will not be automatically implemented and requires interaction with the ATO at 1800 806 218)

- ▶ **Am I entitled to remit all interest and penalties incurred prior to 23 January 2020 that I currently owe?** Potential remission if requested with ATO.
- ▶ **My business has been affected by COVID-19. Am I entitled to have all interest and penalties incurred on or after 23 January 2020 that I currently owe remitted?** Yes – need to be discussed with the ATO.
- ▶ **What kind of low interest payment plan could I request?** Need to be discussed with the ATO.
- ▶ **Can I change my repayment rate/date if I can't meet my previous payment instalments due to COVID-19?** Yes – need to be discussed with the ATO.

▶ Link

- ▶ https://www.ato.gov.au/General/COVID-19/In-detail/COVID-19-frequently-asked-questions/?page=5#Interest_and_penalties

7. ATO administrative concessions – Cancelled supplies or events

- ▶ **GST consequences if you provide a customer a reimbursement for a cancelled sale or no show?**

If you have already paid the GST to the ATO, you can make a decreasing adjustment to reduce the amount of GST payable in your next activity statement.

You cannot claim back the GST from the ATO as a decreasing adjustment until you have refunded or reimbursed your customer.

- ▶ **FBT consequences if non-refundable event employee was to attend was cancelled?**

No FBT payable as employee did not attend.

- ▶ Link

- ▶ https://www.ato.gov.au/General/COVID-19/In-detail/COVID-19-frequently-asked-questions/?page=6#Cancelled_supplies_and_events

8. ATO administrative concessions – Pausing or ceasing your business

- ▶ **I have had to pause my business, do I need to cancel my ABN and GST registration?**

ABN does not need to be cancelled for temporary or prolonged cessation, only on permanent cessation of business if required down the track.

- ▶ **I am pausing or ceasing my business due to COVID-19, what steps do I need to take if I am reporting through STP?**

If you have had to let employees go, make sure you report their cessation date in your STP report. If you have already paid them their final pay, you can inform the ATO this information by submitting an update event.

If you won't be paying employees for a while – You or your registered tax or BAS agent can let the ATO know that you have no further requirement to report through the Business Portal (employers) – select Manage employees then STP deferrals or exemptions.

- ▶ **Link**

- ▶ https://www.ato.gov.au/General/COVID-19/In-detail/COVID-19-frequently-asked-questions/?page=9#Pausing_or_ceasing_your_business

9. Instant asset write-off

- ▶ Eligibility
 - ▶ < \$500m aggregated annual turnover.
- ▶ Measure
 - ▶ Immediate tax deduction for assets costing less than \$150,000.
 - ▶ Date range for when asset first used or installed ready for use: 12 March 2020 to 30 June 2020.
- ▶ How to apply
 - ▶ Prepare your 30 June 2020 income tax return accordingly.
- ▶ Link
 - ▶ <https://www.business.gov.au/Risk-management/Emergency-management/Coronavirus-information-and-support-for-business/Increasing-the-Instant-Asset-Write-Off>

10. Accelerated tax depreciation

- ▶ Eligibility

- ▶ < \$500m aggregated annual turnover.

- ▶ Measure

- ▶ Tax deduction of 50% of the cost of an eligible asset on installation, with existing depreciation rules applying to the balance of the asset cost.
- ▶ Applies to eligible asset acquired from 12 March 2020, and first used or installed by 30 June 2021.

- ▶ How to apply

- ▶ Prepare your 30 June 2020 and 30 June 2021 income tax returns accordingly.

- ▶ Link

- ▶ <https://www.business.gov.au/Risk-management/Emergency-management/Coronavirus-information-and-support-for-business/Backing-Business-Investment>

2 NSW Measures

1. Payroll tax relief

Eligibility	Measure	How to apply
< \$10m grouped Australian national wages (NSW + interstate wages) for the 2019/20 financial year	Annual payroll tax liability reduced by 25%.	Automatically applied to your tax liability when you lodge your annual reconciliation (due on 28 July 2020).
< \$10m grouped Australian national wages (NSW + interstate wages) for the 2019/20 financial year	No payment for the months of March, April and May 2020 will be required. Option of deferring payments for an additional three months.	Automatically applied for March, April and May 2020. Additional three month deferral: TBC
All taxpayers	Payroll tax-free threshold will increase from \$900,000 to \$1m for the financial year commencing on 1 July 2020.	Automatically applied.

► Link

- <https://www.revenue.nsw.gov.au/news-media-releases/covid-19-tax-relief-measures/covid-19-coronavirus-and-payroll-tax>

2. Small business grant

- ▶ Eligibility
 - ▶ Have between 1-19 employees;
 - ▶ > \$75,000 turnover;
 - ▶ < \$900,000 payroll threshold;
 - ▶ Have an ABN as at 1 March 2020, be based in NSW and employ staff as at 1 March 2020;
 - ▶ Be highly impacted by the *Public Health (COVID-19 Restrictions on Gathering and Movement) Order 2020* issued on 30 March 2020;
 - ▶ Use the funding for unavoidable business costs such as utilities, overheads, legal costs and financial advice.
- ▶ Measure
 - ▶ Up to \$10,000 grant.
- ▶ How to apply
 - ▶ Applications will be available through Service NSW within a fortnight and remain open until 1 June 2020.
- ▶ Link
 - ▶ <https://www.treasury.nsw.gov.au/sites/default/files/2020-04/Gladys%20Berejiklian%20Dominic%20Perrottet%20Damien%20Tudehope%20-%20%2410000%20grants%20to%20provide%20fast%20relief%20for%20NSW%20small%20businesses%20battling%20COVID-19.pdf>

3. Miscellaneous

- ▶ Deferral of rents for 6 months for commercial tenants with less than 20 employees in all government-owned properties.
 - ▶ <https://preview.nsw.gov.au/news/billions-tax-relief-for-business-1-billion-fund-for-jobs-and-help-for-vulnerable>
- ▶ Deferral of gaming tax for clubs, pubs and hotels, and lotteries tax for 6 months, from March 2020 to September 2020. This is conditional on these funds being used to retain staff.
 - ▶ <https://preview.nsw.gov.au/news/billions-tax-relief-for-business-1-billion-fund-for-jobs-and-help-for-vulnerable>

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