



Andrew Court & Associates

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COVID-19 RELIEF MEASURES

Australian Federal Gov't

New South Wales State Gov't

Australian Taxation Office Assistance

Support for the Banking Sector to retain liquidity

This document provides a snapshot of the key measures, eligibility requirements and applicable dates announced by the Federal and NSW State Governments towards providing financial relief from the impact of COVID-19, information about ATO assistance; and details of support from the banking sector to retain liquidity in lending to SME

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AUSTRALIAN FEDERAL GOV'T

The Federal Government released its second round of economic stimulus measures on 22 March 2020 providing some much-needed financial support for households, seniors and pensioners, SME's, casual staff and sole traders.

The Federal Government has a strong focus on helping SME's towards maintaining and retaining employees over the next six months and stimulating business investment.

The government has since stated that there is a third stimulus package including the much-promoted Job Keeper Payments, however, these measures have not been signed into effect yet. We will provide a breakdown of the third stimulus package once the parliament meets next week to sign the package into effect.

INDIVIDUAL MEASURES

Coronavirus Supplement

\$550 per fortnight payment.

Eligibility: Payable to individuals in receipt of, or who become eligible for:

- Job Seeker Payments
- Youth Allowance Job Seeker Payments
- Parenting Payments
- Farm Household Allowance
- Special Benefits

KEY DATES AND POINTS TO NOTE

Payable over the next six months.

This is in addition to the eligible income support already paid.

Additional Stimulus Payment

\$750 stimulus payment to eligible individuals.

This is in addition to an earlier \$750 payment amount that was included in the first Stimulus Package announced on 12 March 2020.

Eligibility:

- Pensioners
- Social security recipients
- Veterans
- Concession card holders
- Other income support recipients

Mid-April 2020 – first payment

Mid-July 2020 – second payment

Note: The July 2020 second payment is not available to recipients of the Coronavirus supplement

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MORE INDIVIDUAL MEASURES

Superannuation withdrawals

Impacted individuals will be allowed to withdraw up to \$20,000 from their superannuation funds.

Eligibility before 1 January 2020:

- Unemployed people
- Those currently eligible for Job Seeker payments, Parenting Payments, a special benefit or Farm Household Allowance

Eligibility on or after 1 January 2020:

- An employed individual is made redundant
- Your working hours reduced by 20% or more
- You are a sole trader whose business has been suspended or there has been a reduction in turnover of at least 20%.

KEY DATES AND POINTS TO NOTE

Between April 2020 and 30 June 2020, eligible people can access up to \$10,000.

During the income year ending 30 June 2021, eligible people can access up to the remaining \$10,000.

On or after 1 January 2020.

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BUSINESS MEASURES FOR SME'S

Employment Support

Provides tax free payments to eligible businesses that employ people. The benefit is capped at \$100,000 with a minimum payment of \$20,000.

Eligibility:

- Businesses and Not-For-Profits with aggregated annual turnovers under \$50M
- Businesses and Not-For-Profits who need to employ workers

KEY DATES AND POINTS TO NOTE

The payments will be equal to the lesser of 100% of the PAYG withheld on the employee's salary and wages or \$50,000 for both the year ended 30 June 2020 and the next financial year from 1 July 2020 to 30 September 2020.

The payments will be provided by the ATO as a credit via the quarterly or monthly Activity Statements as follows:

Quarterly Lodgers – March 20 and June 20 quarter BAS

Monthly Lodgers – March 20, April 20, May 20, June 20 Activity statements

The bulk of the 2020 financial year entitlement is paid in the earlier March 2020 quarter BAS.

NB: Eligible businesses that are not required to withhold tax from employees' salary and wages will receive a minimum payment of \$20,000, 50% or \$10,000 is paid in the March 20 quarter. The other 50% is paid as \$5000 in June 20 quarter and \$5,000 in September 20 quarter.

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Instant Asset write-off

Eligible businesses will be able to deduct in full the cost of acquiring eligible assets costing less than \$150,000 (on a "per asset basis").

Eligibility:

- All businesses with aggregated turnover of less than \$500M until 30 June 2020
- Assets can be new or used

Assets need to be installed ready for use or first used before 30 June 2020.

Deduction claimed in the income tax return for the year ended 30 June 2020.

MORE BUSINESS MEASURES FOR SME'S

Business investment allowance

Eligible businesses will be allowed to claim a business investment allowance comprising the normal depreciation permitted on the asset item and a bonus 50% depreciation deduction.

Eligibility:

- All businesses with aggregated turnover of less than \$500M
- New assets only
- No limit to the cost of acquiring the individual asset

KEY DATES AND POINTS TO NOTE

Only for assets acquired after 12 March 2020.

Assets need to be installed ready for use or first used on or before 30 June 2021.

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Insolvency and directors' personal liability relief

These measures are designed to provide extended protection to financially distressed businesses impacted by the COVID-19 health crisis. These include:

- A temporary increase in the threshold for a creditor to initiate bankruptcy proceedings
- A temporary increase in the threshold (from \$2K to \$20K) that creditors can issue a statutory demand
- A temporary increase in the time the debtor has to respond to both statutory demands and to initiated Bankruptcy proceedings
- Temporary relief for directors of companies from any personal liability for trading whilst insolvent

These measures extend the debtor response periods to six months (previously 21 days).

They provide time extension and increased \$ trigger points to protect and shield impacted businesses and company directors from any Insolvency and personal liability actions.

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NEW SOUTH WALES STATE GOV'T

NEW SOUTH WALES BUSINESS MEASURES

Employment Support – NSW Payroll Tax

Payroll tax is waived for Apr 2020, May 2020 and Jun2020.

Eligibility:

- Businesses with payrolls of up to \$10M for the 3 months to 30 Jun 2020
- Need to employ workers and/or eligible contractors

Employment Support – NSW Payroll Tax

Payroll tax threshold is increased to \$1M from 1 July 2020 (previously \$900K). From 1 July 2020.

Eligibility:

- Businesses with taxable payrolls of over \$1M

Waiver of a range of fees and charges

Applies to small businesses including bars, cafes, restaurants and tradies.

KEY DATES AND POINTS TO NOTE

Apr 2020, May 2020 and Jun 2020 Payroll Tax.

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AUSTRALIAN TAXATION OFFICE ASSISTANCE

The Australian Taxation Office (ATO) will provide support to taxpayers affected by COVID-19.

Assistance in the form of payment deferrals, tax variations, interest and penalty remissions, as follows:

1. Payment deferrals

If you have been impacted by COVID-19, the ATO have undertaken to work with taxpayers and their tax agent to facilitate deferral of a range of tax payments, including tax instalments, FBT, GST, etc.

2. PAYG (Pay-as-you-go) instalment variations

The ATO is loosening the rules regarding variations. Businesses that vary their PAYG instalment rate or amount for the March 2020 quarter can also claim a refund for any instalments made for the earlier September 2019 and December 2019 quarters.

3. Remitting interest and penalties charged

Where you or your business is affected by COVID-19, the ATO will consider remitting interest and penalties incurred after 23 January 2020 that have been applied to tax liabilities that particularly, remain unpaid during this disruptive period.

4. GST payments

The ATO is easing the ability for businesses to change their reporting cycle (between quarterly and monthly) in order to enhance their cashflow with respect to either receiving BAS refunds sooner or deferring BAS payments to a later date.

5. Superannuation guarantee payments

The ATO has advised that employers still need to meet their superannuation guarantee obligations, and that the ATO cannot vary the contribution date or waive the superannuation guarantee charge where super guarantee payments are late or unpaid

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SUPPORTING THE BANKING SECTOR TO RETAIN LIQUIDITY

The Australian Government, Reserve Bank of Australia and Australian Prudential Regulation Authority are working with Australia's large banks to facilitate the flow of credit. Some of the key measures that apply to SME's include:

1. SME Guarantee scheme

- Eligible lenders will provide unsecured working capital loans up to a maximum of \$250,000
- The Australian Government will guarantee 50% of the loan issued by the eligible lenders
- The loans will be for periods up to 3 years with an initial six-month repayment holiday
- Application periods run from early April 2020 to 30 September 2020
- Proposed drawdown facility with interest only paid on the amount drawn down
- Simpler and faster application processes
- Loans subject to lenders' credit assessment process, with consideration made for business disruption associated with COVID-19

2. Reducing the cost of credit

The Reserve Bank of Australia has introduced a number of measures into finance and credit markets designed to put downward pressure on borrowing costs for both households and businesses. These measures have facilitated the ability of major lenders to provide most (if not all) the following credit concessions:

- Interest rate reductions for both small businesses and households
- Additional interest rate reductions on SME business loans, most commencing during March 2020
- Relief from fees for Merchant Facility customers that are either facing financial hardship or seek to temporarily suspend a facility until they recommence trading or wish to permanently close the facility

3. Loan repayment deferrals

The introduced measures noted above have also assisted with the provision of loan repayment deferrals as follows:

- Defer loan repayments (principal and interest) for up to 6 months for both SME's and home loan customers
- Pause business credit card repayments for up to 6 months

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