

CASH FLOW ASSISTANCE FOR BUSINESSES

The Government is also providing cash flow assistance for eligible businesses in the form of two separate measures.

Boosting cash flow for employers

Small and medium-sized businesses and not-for-profit entities, with an aggregated annual turnover of less than **\$50 million** (usually based on their prior year's turnover) that employ people, may be eligible to receive a total payment (in the form of a refundable credit) of up to **\$100,000** (with a minimum total payment of **\$20,000**), based on their PAYG withholding obligations in two stages:

Stage 1 payment (credit)

Commencing with the lodgement of activity statements from 28 April 2020, eligible employers that withhold PAYG tax on their employees' salary and wages will receive a tax-free payment equal to 100% of the amount withheld, up to a maximum of \$50,000.

Eligible employers that pay salary and wages will receive a minimum (tax-free) payment of \$10,000, even if they are not required to withhold PAYG tax.

The tax-free payment will broadly be calculated and paid by the ATO as an **automatic credit** to an employer, upon the lodgement of activity statements from 28 April 2020, with any resulting refund being paid to the employer. This means that:

- **quarterly lodgers** will be eligible to receive the payment for the quarters ending March 2020 and June 2020; and
- **monthly lodgers** will be eligible to receive the payment for the March 2020, April 2020, May 2020 and June 2020 lodgements.

Note that, the minimum payment of \$10,000 will be applied to an entity's first activity statement lodgement (whether for the month of March or the March quarter) from 28 April 2020.

Stage 2 payment (credit)

For employers that continue to be active, an additional (tax-free) payment will be available in respect of the June to October 2020 period, basically as follows:

- **Quarterly lodgers** will be eligible to receive the additional payment for the quarters ending June 2020 and September 2020, with each payment being equal to 50% of their total initial (or Stage 1) payment (up to a maximum of \$50,000).
- **Monthly lodgers** will be eligible to receive the additional payment for the June 2020, July 2020, August 2020 and September 2020 activity statement lodgements, with each additional payment being equal to a quarter of their total initial (or Stage 1) payment (up to a maximum of \$50,000).

IF YOU HAVE ANY QUERIES OR REQUIRE CLARIFICATION OF THESE MEASURES PLEASE CONTACT OUR OFFICE.

MEASURES FOR BUSINESS INVESTMENT

INCREASE IN THE INSTANT ASSET WRITE-OFF

From \$30,000 - \$150,000 for all businesses with an aggregated turnover of less than \$500m.

This initiative allows a 100% tax deduction for the asset up to 30th June, 2020.

BACKING BUSINESS INVESTMENT INITIATIVE

This entails an accelerated rate of depreciation on high valued assets acquired after 6th March, 2020 and first used or installed prior to 30th June, 2021.

Please contact our office for further explanation of this initiative.

AUSTRALIAN TAX OFFICE ASSISTANCE TO BUSINESS

Allowing businesses to vary Pay As You Go (PAYG) instalment amounts to zero for the March 2020 quarter. Businesses that vary their PAYG instalment to zero can also claim a refund for any instalments made for the September 2019 and December 2019 quarters.

This is a tax deferral opportunity to assist cash flow.

STATE OF VICTORIA TAX RELIEF MEASURES

LAND TAX

Land owners that have at least one non-residential property and total taxable landholding less than \$1 million may defer the 2020 land tax payment to no later than 31st March 2021.

If you have already paid the 2020 land tax, a refund can be requested but the full amount will have to be paid by 31st March, 2021.

PAYROLL TAX

Business with annual taxable wages up to \$3million will have the payroll tax waived for 2019-2020 financial year. If payroll tax payments have already been made, the SRO will contact your business directly.

Payroll Tax Returns must continue to be lodged without payment to 30th June, 2020.

INCOME SUPPORT FOR INDIVIDUALS

Various measures have been introduced so as to provide a 'safety net' for individuals who are financially impacted by the Coronavirus.

The new Coronavirus supplement

A new six-month 'Coronavirus supplement' of **\$550 per fortnight** will be paid to individuals who are currently eligible for certain income support payments, including the:

- Jobseeker Payment;
- Youth Allowance; and
- Parenting Payment (Partnered and Single).

Furthermore, it appears that this new (additional) supplement will be paid to eligible individuals as part of their existing income support payments (e.g., Jobseeker Payment and Youth Allowance).

Expanding access (and eligibility) to certain income support payments

For the period that the Coronavirus supplement is paid, the Government will also expand access to certain income support payments (e.g., the Jobseeker Payment, the Youth Allowance Jobseeker and the Parenting Payment) for eligible individuals.

For example, a new category of Jobseeker Payment and Youth Allowance Jobseeker will become available for eligible individuals financially impacted by the Coronavirus.

According to the Government, this could include, for example, 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.

Additionally, asset testing for the JobSeeker Payment, the Youth Allowance Jobseeker and the 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.

EARLY ACCESS TO SUPERANNUATION BENEFITS

The Government will introduce a new compassionate ground of release that will allow individuals to access their superannuation entitlements where those benefits are required to assist them to deal with the adverse economic effects of the Coronavirus, but only where **one or more of the following requirements** are satisfied:

- The individual is unemployed.
- The individual is eligible to receive the Jobseeker Payment, Youth Allowance for jobseekers, Parenting Payment (which includes the single and partnered payments), Special Benefit or Farm Household Allowance.
- On or after 1 January 2020 either:
 - the individual was made redundant; or
 - the individual's working hours were reduced by at least 20%; or
 - if the individual is a sole trader – their business was suspended or there was a reduction in the business's turnover of at least 20%.

Under this new compassionate ground of release, eligible individuals will be able to access (as a lump sum) up to **\$10,000** of their superannuation entitlements before **1 July 2020**, and a further **\$10,000** from **1 July 2020** (subject to a six-month time frame).

Eligible individuals who are looking to access their superannuation entitlements under the above new ground of release will be able to apply directly to the ATO through the myGov website (at www.my.gov.au) and certify that the relevant eligibility criteria is satisfied.

*Editor: Importantly, such lump sum superannuation withdrawals under this new compassionate ground of release will **not** be taxable to the recipient (i.e., they will be **tax-free**). Also, according to the Government, the amount withdrawn will not affect Centrelink or Veteran's Affairs payments.*

MEASURES FOR SELF MANAGED SUPERANNUATION FUNDS

TEMPORARY REDUCTION IN MINIMUM DRAWDOWN RATES

AGE	DEFAULT MINIMUM DRAWDOWN %	Reduced Rates for 2020 and 2021 %
Under 65	4	2
65 – 74	5	2.5
75 – 79	6	3
80 – 84	7	3.5
85 -89	9	4.5
90 -94	11	5.5
95 or more	14	7

This measure will assist to relieve pressure on Superannuation funds to have to sell assets to comply with the minimum payment standard.

MEASURES AFFECTING PENSIONERS & CENTRELINK RECIPIENTS

REDUCTION IN DEEMING RATES

As from 1st May 2020, the deeming rates will be as follows:

SINGLES		COUPLES	
Investment Value	Deeming Rate	Investment Value	Deeming Rate
Up to \$51,800	0.25%	Upto \$86,200	0.25%
Over \$51,800	2.25%	Over \$86,200	2.25%

INITIAL STIMULUS PAYMENT - \$750

On March 2020, it was announced that Australians on Newstart, Pension and Family Tax Benefits are among those who will receive a \$750 cash payment.

SECOND STIMULUS PAYMENT - \$750

The second payment of \$750 will be available to people who are eligible payment recipients and concession card holders from 13th July, 2020.