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COVID-19 SUPPORT

Things are moving extremely quickly with COVID-19 and we understand that our clients are nervous. All of us here at R&D Accounting want to let our clients know that they are not alone and that we've got your back. We are here to help you through these uncertain times and to help you all navigate through the government support that is available.

Federal Government Stimulus Measures

The Federal Government has now announced two stimulus packages over the past two weeks. These support packages have made their way through Parliament and it appears that everything will go ahead as announced. We still don't know exactly how all the measures will operate, with finer details to be announced over the coming weeks.

PAYG Withholding Refunds

The Boosting Cash Flow for Employers measure will provide up to \$100,000 back to business, with a minimum payment of \$20,000 for eligible businesses. The payment will provide temporary cash flow support to small and medium business that employ staff. The payment will be tax free.

Who Is Eligible?

- Small and medium business entities with aggregated annual turnover under \$50 million
- Small and medium businesses who employ workers
- Eligibility will be based on last years turnover

Facts

- Payment will be made by the ATO as a credit on your Activity Statement from 28 April 2020, upon Lodgement of eligible Activity Statements
- Eligible businesses that withhold tax to the ATO on their employee's salary and wages will receive a payment EQUAL TO 100% of the amount withheld, with a maximum payment of up to \$100,000



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- Eligible businesses that pay salary and wages and no PAYG will receive a minimum payment of \$20,000
- This payment will be tax free

Timing of payments

- This will be applied for a limited number of activity statement lodgements
- ATO will deliver the payment as a credit to your business upon lodgement of your Activity Statements
- If your Activity Statement offers your business in a refund position, the ATO will deliver the refund within 14 days

Lodgement dates in brief

- **Quarterly** lodgers eligible to receive payment for the quarters ending March, June and September 2020
- **Monthly** lodgers eligible to receive payment for the March, April, May, June, July, August and September 2020

Examples:

Sarah's Construction Business – Monthly Reporting of PAYG

Sarah owns and runs a building business in South Australia and employs 8 construction workers on average full-time weekly earnings who each earn \$89,730 per year. In the months of March, April and June for the 2019-20 income year, Sarah **reports withholding of \$15,008 for her employees on each monthly business activity** statement (BAS).

Under the Government's changes, Sarah will be eligible to receive the Boost on lodgment of each of her BAS. Sarah's business receives:

- A credit of \$45,024 for the March period, equal to 300 per cent of her total withholding.
- A credit of \$4,976 for the April period, before she reaches the \$50,000 cap.
- No payment for the May period, as she has now reached the \$50,000 cap.
- An additional payment of \$12,500 for the June period, equal to 25 per cent of her total Boosting Cash Flow for Employers payments.
- An additional payment of \$12,500 for the July period, equal to 25 per cent of her total Boosting Cash Flow for Employers payments.
- An additional payment of \$12,500 for the August period, equal to 25 per cent of her total Boosting Cash Flow for Employers payments.

- An additional payment of \$12,500 for the September period, equal to 25 per cent of her total Boosting Cash Flow for Employers payments.

Under the previously announced Boosting Cash Flow for Employers measure, Sarah's business would have received a maximum payment of \$25,000.

Under the Government's enhanced Boosting Cash Flow for Employers measure, Sarah's business will receive \$100,000. This is an additional \$75,000 to support her business and help her retain her staff.

Tim's Courier Run – Employees with NO reported PAYG

Tim owns and runs a small paper delivery business in Melbourne, and employs two casual employees who each earn \$10,000 per year. In Tim's quarterly BAS, he **reports withholding of \$0** for his employees as they are under the tax-free threshold.

Under the Government's changes, Tim will be eligible to receive the payment on lodgment of his BAS.

Tim's business will receive:

- A credit of \$10,000 for the March quarter, as he pays salary and wages but is not required to withhold tax.
- An additional payment of \$5,000 for the June quarter, equal to 50 per cent of his total Boosting Cash Flow for Employers payments.
- An additional payment of \$5,000 for the September quarter, equal to 50 per cent of his total Boosting Cash Flow for Employers payments.
- If Tim begins withholding tax for the June quarter, he would need to withhold more than \$10,000 before he receives any additional payment.

Under the previously announced Boosting Cash Flow for Employers measure, Tim's business would have received a total payment of \$2,000.

Under the Government's enhanced Boosting Cash Flow for Employers measure, Tim's business will receive \$20,000. This is an additional \$18,000 to support his business.

Mary's Coffee Shop – Quarterly BAS and PAYG reporting

Mary runs a small coffee shop and employs 5 part time workers with average income of \$30,000 per year. She reports **total withholding of \$3,510 for her employees for each quarterly BAS.**

Under the Government's enhanced Boosting Cash Flow for Employers measure, Mary will be eligible to receive the payment on lodgment of her BAS. Mary receives:

- A credit of \$10,000 for the March quarter, the minimum payment.
- An additional payment of \$5,000 for the June quarter, equal to 50 per cent of its total Boosting Cash Flow for Employers payments.
- An additional payment of \$5,000 for the September quarter, equal to 50 per cent of its total Boosting Cash Flow for Employers payments.

Under the Government's enhanced Boosting Cash Flow for Employers measure, Mary's business will receive \$20,000. This is an additional \$18,000 to support her business from the original measures announced.

Accelerated Depreciation

All depreciable assets up to \$150,000 purchased between 12 March 2020 and 30 June 2020 can be immediately deducted in this current financial year. Assets over \$150,000 will also benefit from extra depreciation claims.

Please note that we will assess everyone's tax planning in light of these measures. If you're thinking of buying a new capital asset to take advantage of these measures please let us know so that we can give you the appropriate advice.

Wage Support for Apprentices

The Government is supporting small businesses to retain their apprentices and trainees. Eligible employers can apply for a wage subsidy of 50% of the apprentice 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 will be available to a new employer.

Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter).

Eligibility

- Small businesses employing 20 full time employees or less, who retain an apprentice or trainee
- The apprentice or trainee must have been in training as at 1 March 2020
- Employers of any size and Group Training Organisations that re-engage an eligible out-of-trade apprentice or trainee will be eligible for the subsidy
- Employers will be able to access the subsidy after an eligibility assessment. **This is undertaken by an Australian Apprenticeship Support Network (AASN) provider.**

Timing

- Ability to register for subsidy from 2 April 2020
- Final claims for payment must be lodged by 31 December 2020

Further information is available at:

- The Department of Education, Skills and Employment
www.dese.gov.au
- Australian Apprenticeships
www.australianapprenticeships.gov.au

For further information on how to apply for the subsidy, including information on eligibility, contact an Australian Apprenticeship Support Network (AASN) provider.

Guaranteed Loans

The Government will guarantee 50% of new loans issued by eligible lenders to SME's. The Government's support will enhance lenders' willingness and ability to provide credit to SME's with the scheme able to support \$40 billion of lending to SME's.

The scheme will complement the announcement the Government has made to cut red-tape to allow SME's to get access to credit faster. It also complements announcements made by Australian banks to support small businesses with their existing loans.

Access to Superannuation

The Government will also allow people who lose part of their income to access up to \$10,000 tax-free from their superannuation this financial year and again in July 2020.

Increased Social Security

The Government will temporarily double the Jobseeker Payment (previously called Newstart), providing an additional \$550 per fortnight. The usual assets tests and waiting period to access the payment will be waived. Anyone who received less than \$1,075 per fortnight will be eligible.

The payment will be available to sole traders and casual workers, provided they meet income tests.

Both the first and second packages included \$750 bonus payments to welfare recipients.

State Government Assistance

Interest Free Loans

The Queensland Government announced on the 17 March 2020 that the Government will offer loans **Interest Free for the first 12 months**, to support Queensland businesses impacted by COVID-19 to retain employees and maintain their operations.

This will consist of low interest loans of up to \$250,000 to assist in retaining staff

The Queensland Rural and Industry Development Authority (QRIDA) is responsible for the administration of these concessional loans

QRIDA is currently taking expressions of interest, in the lead up to rolling these loans out as soon as possible

To register your interest – email: contact_us@qrda.qld.gov.au or Freecall 1800 623 946

QRIDA will then contact you when the scheme is open.

Payroll Tax Freeze

Any Queensland business, regardless of its payroll can defer lodging and paying payroll tax until the 3 August 2020.

ATO Administrative Assistance

The Australian Taxation Office will implement a series of administrative measure to assist Australians experiencing financial difficulty as a result of the COVID-19 outbreak.

Options available to assist business include;

- Deferring by up to six months any payments due including income tax, activity statement, PAYG Instalments, FBT and excise payment
- Allow businesses on a quarterly reporting cycle to opt into monthly GST reporting in order to get quicker access to GST refunds they may be entitled to
- Allowing businesses to vary 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
- Remitting any interest and penalties, incurred on or after 23 January 2020, that have been applied to tax liabilities
- Working with affected businesses to help them pay their existing and ongoing tax liabilities by allowing them to enter into low interest payment plans.

Employers will still need to meet their ongoing super guarantee obligations for their employees.

If you wish to take advantage of any of these measures, please contact us or call the ATO's dedicated hotline on 1800 806 218.

Helpful and direct links – with examples

Support available for Companies

<https://www.business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business/companies>

Support available for Employers

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

Support available for Sole Traders

<https://www.business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business/what-support-is-available-to-your-business>

Early access to superannuation

<https://www.business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business/early-access-to-superannuation>

Backing Business Investment

<https://www.business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business/backing-business-investment-bbi>

Increased and accelerated income support

<https://www.business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business/increased-and-accelerated-income-support>