

7 More things

you need to know about

COVID-19

AND HOW IT AFFECTS YOU AND YOUR BUSINESS

1. What are the new assistance measures in relation to COVID-19?

Since the introduction of the government mitigation measures to slow the spread of the virus, we have seen some significant economic impacts. **Since 12 March 2020 the Federal Government has announced and revised a range of economic responses** which total to \$189 billion across forward estimates, representing almost 10% of annual GDP.

Today the Queensland Government also introduced a new range of measures involving Payroll tax and loan assistance.

CKG Partners
Chartered Accountants

2. Will the package address business cash flow problems?

The Australian Government is providing support for businesses to manage cash flow challenges and retain employees.

The Boosting Cash Flow for Employers measure announced on 12 March 2020 will be increased to **provide up to \$100,000 for eligible small and medium-sized businesses**. To be eligible employers must have been established prior to 12 March 2020 and have an aggregated annual turnover of less than \$50 million and employ workers.

Employers will receive a payment equal to 100% of the tax withheld from salary and wages, up from the original 50%, with maximum payments being increased from \$25,000 to \$50,000. Minimum payments have also been increased from \$2,000 to \$10,000.

Employers will receive payments from 28 April 2020 from the ATO as automatic credit in the activity statement system upon lodging eligible upcoming activity statements.

Eligible businesses will be provided with an additional payment during July - October 2020. The payment will be equal to the total amount received under the Boosting Cash Flow for Businesses scheme. For monthly and quarterly activity statement lodgers, these payments will be provided as automatic credit in the activity statement system for each lodgement up until October 2020.

The Government has introduced further support for the flow of credit for small and medium enterprises (SME) with the Coronavirus SME

Guarantee Scheme by **providing a guarantee of 50% to participating SME lenders for new unsecured loans that will be used for working capital**. To be eligible, SMEs will have a turnover of up to \$50 million and the loans must comply with the following terms:

- The loan is a maximum of \$250,000 per borrower.
- The loans will be up to three years, with an initial six month repayment holiday.
- The loans will be in the form of unsecured finance.

Unlike the Boosting Cash Flow for Employers measure, the SME Guarantee Scheme will still require businesses to repay these loans and approval is subject to regular lending requirements. The Scheme will commence by early April 2020 and be available until 30 September 2020.



CKG Partners



Liability limited by a scheme approved under Professional Standards Legislation.

GROUND FLOOR,
GARDEN SQUARE
643 KESSELS ROAD
UPPER MT GRAVATT

PHONE (07) 3171 4800

PHONE (07) 3171 4888 (Chinese Line)

EMAIL

janette.king@ckgpartners.com.au

WEBSITE

www.ckgpartners.com.au

PARTNERS

Janette King
Clarissa Chiang
Daryl Wright

Taxation & Compliance

Accounting Services
Audit Services
Business Support & Advice
Superannuation Funds
Business Valuations

3. Will the stimulus package affect individuals and households?

The stimulus package introduced by the Australian Federal Government aims to assist individuals and households through income support payments and temporary early releases of superannuation.

For unemployed and job-seeking individuals, the Government will be **expanding income support eligibility** with a new temporary Coronavirus supplement paid at \$550 per fortnight for the next six months. The new fortnightly payment will be available to both existing and new recipients of the JobSeeker Payment, Parenting Payment, Special Benefit, Youth Allowance Jobseeker and Farm Household Allowance.

Social security, veteran and other income support recipients and concession card holders will receive two separate \$750 payments. The first payment will be made from 31 March 2020. The second

payment of \$750 will be made from 13 July 2020, but will exclude those eligible for the separate Coronavirus supplement. These payments are aimed towards pensioners and will help support domestic demand and improve cash flow within the Australian economy.

Eligible individuals impacted by COVID-19 will also be **granted temporary early access superannuation** up to \$10,000 in the current financial year and a further \$10,000 in 2020-21. Individuals will not need to pay tax on withdrawn amounts and any existing welfare payments will not be affected either.

Superannuation minimum drawdown rates will also be temporarily reduced by 50% for account-based pensions and others similar until 2021. The Government has also **reduced the upper and lower social security deeming rates** by a further 0.25 percentage points, with upper at 2.25% and lower at 0.25% which will come into effect on 1 May 2020.

4. Will my business have support to help retain Apprentices?

Businesses employing apprentices will also largely benefit from the Federal Government's stimulus package. As part of the package, 117,000 **apprentices will be supported by the Government** with its

\$1.3 billion funds in wage subsidies. Employers with apprentices in jobs over nine months will receive the funds and small businesses with 20 or fewer employees can use

them to retain their existing apprentices and hire new ones.

Small businesses will receive a maximum of \$21,000 per apprentice, amounting to a 50% wage subsidy for apprentices or trainees for up to nine months starting from 1 January 2020 to 30 September 2020. In the event that an employer is unable to retain an apprentice, the subsidy will be transferred to a new employer who will employ the apprentice.

5. What support exists for businesses in financial difficulty?

The ATO is showing **greater leniency to tax debt deferment** requests from small businesses who are up to date with their tax returns and Business Activity Statements (BAS) and have a plan of when tax payments will likely return to normal. Relief includes temporary reduction of payments or deferrals, or withholding enforcement actions including Director Penalty Notices and wind-ups.

The Government has **relaxed solvency rules** by providing temporary relief for company directors from personal liability for insolvent trading, temporarily lifting the threshold at which creditors can issue a statutory demand, and the time companies have to respond to statutory demands they receive.

Bankruptcy provisions have been temporarily relaxed though an increase in the threshold for a creditor to initiate bankruptcy proceedings, an

increase in the time period for debtors to respond to a bankruptcy notice, and extending the period of protection a debtor receives after making a declaration of intention to present a debtor's petition.



6. How is the Government encouraging ongoing business investment?

The stimulus package will increase the **instant asset write-off threshold** from the previous \$30,000 to \$150,000. This change will apply for businesses with an aggregated turnover of less than \$500 million from 12 March 2020 until 30 June 2020.

The Government is introducing a **15 month investment incentive to accelerate depreciation deductions** and encourage business

investment. Businesses with an annual turnover under \$500 million will be able to deduct 50% of the cost of an eligible asset on installation on top of depreciation rules applying to the balance of the asset's cost. Eligible assets include plant, equipment and specified intangible assets, such as patents acquired after the announcement and first used or installed by 30 June 2021. This measure is expected to support over 3.5 million businesses in lowering taxes paid over the next two years.

7. What's next for your business?

Businesses should consider implementing some structural changes and preventative measures to their workplace to protect the safety of employees and minimise the risk of the coronavirus spreading. Here are some suggestions:

- Allowing employees to work from home and providing them with the resources to do so (e.g. VPN, computers, etc.).
- Becoming more flexible with working hours and dividing employees into different time slots to avoid contagion.

- Providing anti-bacterial agents and encouraging staff to use them to keep themselves and their workspace sanitised.
- Promote frequent and methodical handwashing. Consider putting up posters on how to wash your hands properly.
- Practising social distancing (e.g. no handshaking).
- Reviewing insurances for staff required to travel (domestically and internationally).

8. Queensland Stimulus Package

The Queensland government announced it will create a new \$500 million loan facility to support businesses impacted by COVID-19, to retain employees and maintain their operations.

The \$500 million concessional loan facility will comprise of loans of up to \$250,000 with an initial 12-month interest free period for businesses to retain staff.

9. Queensland Payroll Tax?

Queensland businesses may be eligible for one or more of a range of payroll tax relief measures as a result of the impacts of coronavirus (COVID-19).

These include:

- refunds of payroll tax for 2 months
- a payroll tax holiday for 3 months
- deferral of paying payroll tax for the 2020 calendar year.
-

If you are an employer (or part of a group of employers) who pays **\$6.5 million or less** in Australian taxable wages, you may receive an email about a:

- a refund of your payroll tax for 2 months
- a payroll tax holiday (i.e. no payroll tax to be paid) for 3 months.
-

You can also apply for a deferral of payroll tax for the 2020 calendar year. (If you have already applied for a deferral, you do not need to reapply – it will be extended.)

If you do not receive an email, or you are unsure about your eligibility, complete the refund/holiday application form.

If you are an employer (or part of a group of employers) who pays **more than \$6.5 million** in Australian taxable wages and have been negatively affected (directly or indirectly) by coronavirus, you can apply for a:

- deferral of payroll tax for the 2020 calendar year (If you have already applied for a deferral, you do not need to reapply – it will be extended.)
- refund of your payroll tax for 2 months.
-

A business is directly or indirectly affected by coronavirus if their current turnover, profit, customers, bookings, retail sales, supply contracts or other factors are negatively affected compared with normal operating conditions.

The state government had previously announced it would defer payroll taxes for six months, but it will now waive them completely for small and medium businesses.



10. Banking Measures?

Australian Banking Association CEO Anna Bligh announced a small business relief package from Australia's banks.

The Assistance Package will apply to more than \$100b of existing small business loans and depending on customer take up, could put as much as \$8 billion back into the pockets of small businesses as they battle through these difficult times.

Contact us if you need assistance in contacting your bank or preparing cash flows for application to your banks.

If you require more information or would like some support accessing any of the support measures announced, please contact the staff at CKG Partners.

We will help you by providing your first 30 minute consultation free of charge, in order to explain the measures and advise on how it can help you. Please call us if you would like to book a time to take this consultation.