

A quick guide to Australian COVID-19 economic support measures and other useful info.



To help our clients find information about the COVID-19 economic relief measures available, we have put together this quick guide which sets out the major economic support measures and some other useful information for businesses and individuals.

As you know things keep changing, daily. You need to keep checking for updates to ensure you have the latest information.

ATO Support for businesses and employers

Measure	Brief description	Relevant dates
JobKeeper Payments – Wage Subsidies – \$1,500 per fortnight	<ul style="list-style-type: none"> For businesses with turnover <\$1 billion whose turnover is expected to be 30% less than in a comparable period last year. Can apply to ONE of the business owners who has been receiving Directors fees, shareholder dividends, beneficiary distributions. Can apply to sole traders. Can apply to ONE partner 	<ul style="list-style-type: none"> Subsidies will cover the six months from 30 March First payment will be early May 2020 Employer or adviser needs to apply to ATO Detailed rules and conditions to be considered and satisfied WARNING: If you have paid employees the \$1,500 and find you/they are ineligible, there is no recourse to claw back these payments from employees.

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of a partnership.

Boosting cash flow for employers

- ATO will provide tax-free cash flow boosts of between \$20,000 and \$100,000 to eligible businesses with employees, delivered through credits in the activity statement system, when activity statements are lodged.
- For quarterly lodgers, the first credit will apply against the quarterly March 2020 BAS, followed by June and September 2020.
- For monthly lodgers, the first credit will apply against the monthly March 2020 BAS (at the rate of 300% in the March BAS), followed by April, May, June, July, August, September 2020.
- No application necessary, credit will be applied automatically by ATO on lodgement of BAS

Increasing the instant asset write-off

- Threshold is \$150,000 (up from \$30,000 earlier this year)
- Covers new and second-hand assets
- For businesses with aggregated turnover <\$500 million
- For assets acquired and first used/installed from 12 March 2020 through to 30 June 2020
- From 1 July 2020, the instant asset write-off will only be available for small businesses with a turnover of < \$10 million and the threshold will be \$1,000
- Accessed by claiming tax deduction, lodgement of tax return

Backing business investment - Accelerated depreciation deductions

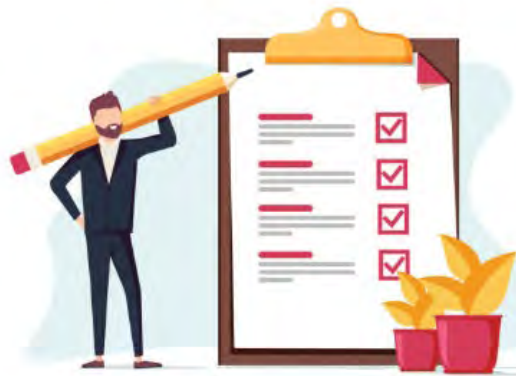
- Accelerated depreciation for assets costing > \$150,000
- Covers new assets only
- Covers plant, equipment, certain other assets
- Doesn't apply to building costs/capital works
- For businesses with aggregated turnover <\$500 million
- For assets acquired and first used/installed from 12 March 2020 through to 30 June 2021.
- This is a temporary measure which is available over a 15 month period.
- Accessed by claiming tax deduction, lodgement of tax return

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Additional ATO support and information

Topic	Comments
No flexibility on SGC super payments	<ul style="list-style-type: none">• If you are an employer, you need to meet super guarantee obligations for your employees.• No changes and no flexibility on this.
Lodgement deferrals	<ul style="list-style-type: none">• Lodgement deferrals may be available, contact us to find out more as we have different due dates and can specifically negotiate arrangements on your behalf.• Lodgement of BAS will be necessary to trigger cash flow boost credits/payments.
Remitting interest and penalties	<ul style="list-style-type: none">• The ATO will consider remitting interest and penalties incurred after 23 January 2020, if you can demonstrate that you/your business is affected by COVID-19.
Low interest payment plans	<ul style="list-style-type: none">• The ATO will consider entering into a low interest payment plan, if you need help to pay your existing and ongoing tax liabilities, if you can demonstrate you/your business is affected by COVID-19.
Payment deferrals	<ul style="list-style-type: none">• If you're having difficulty paying your tax, you should contact us (or the ATO) as early as possible to discuss your situation and to find out about the range of options to support you through this period.• This could include deferring your income tax, FBT and excise payment due dates up to 12 September 2020, stopping interest accruing on your tax liabilities, and low interest payment arrangements.
Change your GST reporting cycle	<ul style="list-style-type: none">• If you report quarterly and you are due for a GST refund, moving to monthly reporting means you can get quicker access to GST refunds you are entitled to.
Vary your PAYG instalments	<ul style="list-style-type: none">• If you are a pay as you go (PAYG) instalments payer, you or we can vary your PAYG instalments on your activity statement.• You may also be able to claim a refund for any instalments made during the 2019–20 financial year.• Where you choose to vary your PAYG instalments the ATO won't apply penalties or charge interest to varied instalments for the 2019–20 financial year.
Areas affected by major disasters	<ul style="list-style-type: none">• The ATO may automatically give you extra time to lodge and pay if you're affected by a major (large-scale) disaster. Eg bushfires.

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Make sure you carefully work through what your business is eligible for and get the process started.

Other business support and information

Support to retain apprentices and trainees

- Wage subsidy

- Small businesses (i.e. those that employ fewer than 20 full-time employees) can apply for a wage subsidy of 50 per cent of the wages of the apprentice or trainee.
- Employers can register for the subsidy from early April 2020 and final claims for payment must be lodged by 31 December 2020.
- Contact your Australian Apprenticeship Support Network (AASN) provider.

Banks - Government SME loan guarantee

- Government to guarantee 50 per cent of new loans issued by eligible lenders to SMEs.
- Contact your bank.

Banks – Business Relief Package

- Australian banks will defer loan repayments for 98% of all businesses affected by COVID-19 for six months.
- If your business has loan facilities of up to \$10m, and has been impacted by the coronavirus pandemic and lock downs, contact your bank online today.
- Type of assistance will depend on individual circumstances and can include -
 - A deferral of scheduled loan repayments
 - Waiving fees and charges
 - Debt consolidation to help make repayments more manageable.
- Participating banks are also offering loans, including overdrafts, at very low rates, to help bridge cash flow gaps.
- Many banks have set up dedicated JobKeeper business loan hotlines.
- Contact your bank.

QLD State Government

- Applications are open for the Queensland Government's \$96 million Small Business Adaptation Grants to help small business subject to closure or highly impacted by the COVID-19 shutdown restrictions. Apply for up to \$10k in funding to go towards the costs of adapting and sustaining operations, and building resilience. Costs can include financial, legal, other professional advice, marketing and

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communications, digital/technological development, and other specific costs.

- Applications have now closed for the Queensland Government's \$1 billion COVID-19 Jobs Support Loan scheme. Loans of up to \$250k with an initial interest free period. See Queensland Rural & Industry Development Authority (QRIDA).
- Payroll tax waivers and deferrals for affected businesses, employers must apply.
- Land tax rebates, waivers and deferrals for affected commercial property owners. Landlords to apply for rebate. Foreign surcharge waiver and 3-month payment deferral for 2020-21 assessment year are automatic.
- Agri-business market diversification and resilience grants, must apply.
- Waiving of liquor licence fees
- Electricity bill rebate of \$500 for SMEs, will be automatically applied to your business bill.
- Rent relief for Government premises.

NSW State Government

- Payroll tax refunds and deferrals, employers must apply
- \$10k grants to small business
- Flexible long service leave arrangements
- Fee and licence relief – certain businesses/trades i.e. liquor and gaming, NSW fair trading licences, SafeWork NSW
- Government owned property – deferral of commercial rents
- Land tax reduction for residential and commercial landlords

VIC State Government

- Payroll tax waivers and deferrals
- Land tax deferrals
- Grants of up to \$10k – certain businesses/trades
- 2020 Liquor licence renewals waived

FairWork

- Find out about your workplace entitlements and obligations if you're affected by the outbreak of Covid-19, including information about stand downs from work, working arrangements impacted by school closures, and pay and sick leave entitlements.
- See FairWork.

WorkCover

- Find out about workplace risk management, including -
- Self-quarantine;
- How to prevent the spread of infection at work;
- Personal protective equipment;
- Telecommuting (Work From Home) checklist.
- Incident notification.
- See WorkCover/WorkSafe.

Commercial landlords – mandatory code for rent relief

- The code is to apply to tenancies where the tenant is eligible for the JobKeeper program and where turnover is \$50 million or less.
- Landlords will be required to reduce rent proportionate to the trading reduction in the tenant's business through a combination of

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waivers of rent and deferrals of rents over the course of the pandemic.

- Benefits that owners receive for their properties (e.g. reduced charges, land tax, deferred loan payments) should be passed on the tenant (in the appropriate proportion).
- Evictions will be put on hold for 6 months for commercial tenants in financial distress, who are unable to meet their commitments due to the impact of the coronavirus.
- Arrangements will be overseen through a binding mediation process.
- To be legislated by the states and territories.

Residential landlords
- 6 month eviction ban

- Measures to be dealt with by state and territory governments.
- An 'eviction ban' has been mooted by the National Cabinet, needs to be legislated by states and territories.
- For now, the ban only relates to people who cannot pay their rent because they have lost their income due to the coronavirus pandemic.
- To provide for protection of tenants who can prove they have suffered a loss of income and/or where the rent payable comprises a substantial amount of the tenant's income, along with other hardship provisions.
- Check for the latest developments that apply in your State.
- Talk to your property manager and talk to your lawyer.

Business and
landlords insurance

- Check whether you have any cover under business interruption insurance, the majority of these are likely to contain exclusions but you should still check.
- Check whether you have any cover under landlord insurance.

Company solvency net

- A temporary six month safe harbour from the directors' duty to prevent insolvent trading has been put in place.
- This allows directors to trade through the pandemic if there is an expectation of the company being viable within six months.
- This measure does not remove a directors responsibility to the company.
- If you are concerned about the solvency of your business you need to immediately seek professional advice, please contact us.

**You will need to build a cash
“war chest” which will let you
keep trading through the
coming difficult months.**



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Support for Individuals and Households

- Income support for individuals
- Over the next six months, the Government is temporarily expanding eligibility to income support payments and establishing a new, time-limited Coronavirus supplement to be paid at a rate of \$550 per fortnight.
 - This will be paid to both existing and new recipients of JobSeeker Payment, Youth Allowance Jobseeker, Parenting Payment, Farm Household Allowance and Special Benefit.

- Payments to support households
- The Government is providing two separate \$750 payments to social security, veteran and other income support recipients and eligible concession card holders.
 - The first payment will be made from 31 March 2020 and the second payment will be made from 13 July 2020. Around half of those that benefit are pensioners.
 - This payment will help to support confidence and domestic demand in the economy. The second payment will not be made to those eligible for the Coronavirus supplement.

- Banks - Personal Relief Package
- Australia's banks are now offering customers the option to defer home loan repayments for up to six months.
 - Banks can also help with credit cards and personal loans. This may include waiving fees and restructuring loans.

- Early release of superannuation
- From mid-April, eligible individuals will be able to apply online through myGov to access up to \$10,000 of their superannuation before 1 July 2020. They will also be able to access up to a further \$10,000 from 1 July 2020 until 24 September 2020.
 - You will be eligible if you meet any of the following criteria:
 - You are unemployed.
 - You are eligible to receive a job seeker 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 - you were made redundant; or your working hours were reduced by 20% or more; or your business was suspended or there was a reduction in your turnover of 20% or more, if you are a sole trader.

- Reducing superannuation minimum drawdown rates
- Minimum drawdown requirements for account-based pensions and similar products have been reduced by 50% for 2019–20 and 2020–21.
- For Two Financial Years

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- The 50% reduction will apply to the calculated minimum annual payment.
- Thus for existing pensions it is effective from 1 July and does not need to be pro-rated.

Personal bankruptcy safety net

- Increase in threshold at which creditors can initiate involuntary bankruptcy proceedings from \$5,000 to \$20,000.

Useful links:

<https://treasury.gov.au/>

<https://www.ato.gov.au/General/COVID-19/>

<https://www.covid19.qld.gov.au/>

<https://www.ausbanking.org.au/campaigns/financial-hardship/>

<https://www.fairwork.gov.au/>

<https://www.worksafe.qld.gov.au/>

<http://www.qrida.qld.gov.au/current-programs/covid-19-business-support/queensland-covid19-jobs-support-scheme>

<https://www.servicesaustralia.gov.au/individuals/subjects/affected-coronavirus-covid-19>

<https://www.covid19.qld.gov.au/the-hub>

We hope you've found this useful in helping you to identify areas where you need to look to access relief measures and obtain assistance.

We're here to help.

To find out more about how we can help call **07 5649 7650**

Email: hello@wearaccountants.com.au

Website: <https://wearaccountants.com.au>

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