



Covid 19 Government Assistance for Australian Small Businesses

The government has released support for Small Business due to the Covid-19 emergency to help those who cannot trade normally, if at all. Isolation and restrictions has changed normal trading opportunities and businesses are struggling. What are the current schemes and how can they benefit you?

JobKeeper Payment

The JobKeeper payment is a \$130 billion dollar package to help business pay staff wages and was introduced on the 30th March 2020. It is a subsidy of \$1,500 dollars flat rate, paid for each employee per fortnight for six months.

Australian small business must apply for the JobKeeper payments for each of their eligible employees and must have suffered a 30% downturn in turnover to qualify. Payments will be backpaid to 30 March 2020. Interest can be registered through the ATO. Tax Agents are given the ability to apply for the JobKeeper payment on behalf of business clients.

Early Release of Super

From 20 April individuals may be able to apply for and access up to \$10,000 of their superannuation before 1 July 2020 and up to a further \$10,000 from 1 July 2020 until 24 September 2020. The individual would need to be either unemployed, eligible for certain

social security payments or since 1 January 2020 they were made redundant, had their work hours reduced by 20% or were a sole trader that experienced a 20% downturn in turnover. Tax will not need to be paid on amount released and the money withdrawn will not be taken into account under any income or means test.

Reducing Superannuation Minimum Drawdown Rates

For many retirees, the significant losses in financial markets as a result of COVID-19 are having a negative effect on their account balance of their superannuation pension or annuity. The minimum drawdown requirements for account-based pensions and similar products have been reduced by 50% for 2019-20 and 2020-21.

Working From Home

Covid-19 has meant that work locations have changed from the office to the home, and as such will impact personal household costs. Special arrangements have been made to account for and claim those extra expenses. A simplified method of applying an 80 cents per hour, up from 52 cents per hour, flat rate on running expenses has been implemented and is available to use from 1 March 2020 until 30 June 2020.

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Tax Relief

The ATO is offering relaxed tax obligations for businesses that are suffering a downturn on a case-by-case basis. Tax Agents will be able to provide advice to small business and will work with the ATO to provide relief on their behalf.

Cashflow Boost for Employers

The cashflow boost will automatically be credited to BAS lodgements. Eligible businesses will receive between \$20,000 and \$100,000 in cash flow boost amounts through lodging their BAS forms up to the month or quarter of September 2020. The cash flow boosts will be delivered as credits in the activity statement system, and will generally be equivalent to the amount withheld from wages paid to employees for each monthly or quarterly period from March to June 2020. Businesses will get to keep the money withheld for tax payments. They will be paid in either two or four instalments depending on reporting cycles of the business.

Payroll Tax Changes

Payroll tax waivers, refunds and adjustments to payroll tax thresholds have been introduced by the relevant States and Territories around Australia. Each State or Territory has different concessions so it is important to know what is applicable to you based on which jurisdiction your business comes under.

Vary PAYG Installments

If your business pays Pay-As-You-Go (PAYG) instalments, the instalments can be varied when a BAS is lodged. Refunds can be claimed for any instalments made during the 2019-20 financial year. Penalties will not apply or interest charged on varied instalments for the 2019-20 financial year.

Change GST Reporting Cycle

Reporting cycles can be changed in order to claim back GST credits faster. If a business has previously paid their GST quarterly, they can now report monthly, meaning quicker access to GST refunds the business is entitled to. If a reporting cycle has been changed, it will only take effect from 1 April 2020.

Once a business has chosen to report monthly, it must keep this reporting cycle for 12 months before reverting back to a quarterly cycle. If a business is registered for fuel tax credits, fuel tax credits must be claimed monthly.

Lodgement Deferrals

The government has relaxed tax lodgement dates if business lodge their tax returns through a Tax Agent. Lodgment and payment deferrals will be automatically applied to:

- Company 2018–19 income tax returns due on 15 May 2020, which are now due by 5 June 2020
- SMSF 2018–19 annual returns due on 15 May 2020 and 5 June 2020, which are now due by 30 June 2020.

2018–19 income tax returns for individuals, partnerships, and trusts can be lodged by the 5 June concessional due date through your existing tax agent, provided business clients pay any liability by this date. This date will also be applicable for bushfire impacted businesses, companies, individuals or trust clients of a tax agent. If a businesses or individual needs more time to lodge, their tax agent can request a deferral on their behalf.

2019–20 Fringe Benefits Tax Annual Returns

The lodgment and payment due date for 2019–20 Fringe Benefits Tax (FBT) annual returns has been automatically deferred to 25 June 2020.

Increasing the Instant Asset Write-Off

From 12 March 2020 until 30 June 2020, the instant asset write-off threshold is \$150,000 up from \$30,000. Eligibility range covers business with an aggregated turnover of less than \$500 million, up from \$50 million. From 1 July 2020, the instant asset write-off will only be available for small businesses with a turnover of less than \$10 million and the threshold will be \$1,000.

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Backing Business Investment

Businesses with an aggregated turnover of less than \$500 million for the 2019-20 and 2020-21 income years will be able to deduct the cost of a depreciating asset at an accelerated rate. Deductions are claimed when lodging a tax return for the income year. To be eligible, the asset must be new and not previously held by another entity on or after 12 March 2020. Be first used or installed ready for use for a taxable purpose on or after 12 March 2020 until 30 June 2021. There are certain rules in which assets and businesses will be eligible.

Bank Loan Assistance

If your business is struggling to pay back loans, it might be eligible to defer bank loan repayments. The Australian Banking Association has announced that Australian banks will defer loan repayments for small businesses affected by COVID-19 for six months.

Rent Deferral

Deferral of rents for six months for commercial tenants with less than 20 employees in all government-owned properties can apply.

Corona Virus SME Guarantee Scheme

The Federal Government will provide a guarantee of 50 per cent to small and medium enterprise (SME) lenders for new unsecured loans to be used for working capital. SMEs with a turnover of up to \$50 million will be eligible to receive these loans. Terms and conditions apply and will be available for new loans made by participating lenders until 30 September 2020.

Many of the Covid-19 scheme and payments are tax offsets available to businesses. The ATO has enabled Tax Agents to apply for these schemes on behalf of their business and individual clients. Tax Agents

are well versed in tax law, and have been especially active during this time and can advise what is best for yourself and your business.

Whilst taking every precaution to stay safe, our Tax Accountants are available during normal business hours to help with any enquiry. Speak with a Professional and see how they can help you today.

ITP The Income Tax Professionals are more than tax agents. They have been helping Australian individuals and businesses with their business accounting and advice for 50 years and offer a wealth of knowledge. Speak to a Professional today and see how your business can be more profitable.



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