



Alert | What will the Government give you?

31 March 2020

With many businesses reeling from the COVID-19 crisis, it is welcome news that Government (Federal, State and Territory) is willing to help.

To date, there has been a number of concessions and cash hand-outs announced, the details of which are complex. This list is constantly changing, with more incentives set to be announced this week.

In situations like this, it is useful to have someone to guide a business through the various requirements and assist with accessing these concessions.

Sparke Helmore Consulting has a network of experienced experts who can help in times like these. Our experts have both consulting and taxation experience as well as deep specific risk expertise, which can help you and your business.

Cashflow assistance for businesses

Wage Subsidy up to \$1,500 per fortnight per employee (JobKeeper Program)

- Available to all businesses, covering part-time, full-time, permanent and casual staff. Sole traders, self-employed people and partnerships and trusts will also be eligible.
- Employers with an annual turnover of less than \$1 billion that have experienced a 30% fall in revenue since 1 March 2020 (over a minimum one-month period) will be eligible for the Wage Subsidy.
- Employers with an annual turnover above \$1 billion will have to have a 50% fall in revenue to be eligible for the scheme.
- Affected employers will be able to claim a fortnightly payment of \$1,500 per eligible employee from 30 March 2020, for a maximum period of 6 months.
- The payment over the subsidy will be administered by the Australian Taxation Office (ATO) and employers who wish to take advantage of the subsidy will need to register interest in the program with the ATO.
- There will be a legal obligation on employers to ensure that the full wage subsidy is passed onto employees.

Cash payments of between \$20,000 and \$100,000 for small and medium businesses that employ people.

- Available to businesses with a turnover of \$50 million or less.
- Not-for-profit entities and charities are eligible even though they may not pay income tax, provided they are employers.
- Cash payments up to 100% of salary and wages withheld under the PAYG system is available, with a minimum payment of \$10,000, up to a maximum of \$50,000
- Some businesses will be able to obtain additional payments (bringing the maximum up to \$100,000) if they remain active beyond 30 June 2020.
- Payments will be accessed through refunds from the employer's Business Activity Statement.
- As an additional measure, there also payments to businesses to support use of apprentices. This is \$7,000 per quarter (up to a maximum of \$21,000 per annum).

NSW Payroll Tax Relief:

- Waiver of payroll tax (for businesses with payrolls up to \$10 million) for the remainder of FY20 (April to June).
- Bringing forward payroll tax cuts in the form of the threshold increasing to \$1 million from 1 July 2020.
- Cuts to a range of other fees and charges.

Other concessions

Support for business investment

For businesses with a turnover less than \$500 million (up from the \$50 million threshold):

- Immediately write-off the cost of assets, where the purchase price is less than \$150,000 (up from \$30,000 current threshold), and
- Accelerated depreciation deductions (50% of the cost of the asset in the first year) for asset purchased within the next 15 months.

Australian Taxation Office administrative assistance

For businesses affected by COVID-19, the ATO has instigated a number of administrative measures that will be taken if requested by the taxpayer, including:

- Deferral of some tax debts by up to 6 months (e.g. FBT and GST)
- Varying PAYG instalments to nil, which could enable refunds
- Changing BAS cycle to monthly reporting to access refunds sooner, and
- Remitting penalties and interest.

The ATO will work with businesses to ensure they are able to meet ongoing liabilities.

Bankruptcy and insolvency proceedings

- Temporary increase in the threshold for statutory demands and bankruptcy proceedings up to \$20,000 for six months (currently \$2,000). The practical effect is that it is now harder to be declared bankrupt.
- Temporary relief for directors from insolvent trading rules. Consequently, it is now more difficult to make directors personally liable for the debts of a company.

Support for specific industries

- The Deputy Prime Minister announced \$1 billion in tax relief for industries and sectors most affected by COVID-19. We expect the Federal Government to announce specifics of these measures in the coming days.
- The Aviation industry will receive \$715 million relief from taxes and charges.

Sparke Helmore Consulting can help you by providing a diagnostic of your circumstances to see if you can apply for any of this assistance, and to apply for this assistance on your behalf where necessary.

Further information

If you need help contact us via email or our phone numbers below. We can support you virtually without the need to visit your premises.



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