

March 2020

Business and Wealth Partners

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business + wealth partners
ACCOUNTING AND FINANCIAL PLANNING

CONTACT WITH BUSINESS & WEALTH PARTNERS

The below information is based on information we have to hand on 23 March 2020 and will be updated as time progresses. If you have any questions or require any further information please do not hesitate to contact us.

Business and Wealth Partners will remain accessible by email and phone even if the requirement arises to close our Aumuller Street office. Our staff are already equipped to work from home if and when it becomes necessary. We will continue to provide our services and support to our valued clients and be able to meet whatever deadlines are required for 2019 tax returns or upcoming Business Activity Statements required to access the below measures.

At this time we request that you minimize visits to our office and email or post documents where possible.

We are not currently undertaking face to face appointments in accordance with government recommendations – we are however happy to do phone, Skype or Facetime appointments during our normal business hours.

If you need any assistance with the enclosed information or any other tax matters we are here to help.

WHAT DO THE BUSINESS STIMULUS MEASURES MEAN FOR ME?

The government has announced a large raft of small business stimulus measures. The primary one of interest to small business is the Boosting Cashflow to Small Business. Below is the link to the current Treasury information after round 2 of the stimulus:

https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Cash_flow_assistance_for_businesses_0.pdf

If you do not have employees or pay wages you are unfortunately not able to access the Boosting Cashflow to Small Business assistance.

If you do employ people you also are not automatically entitled to the maximum amount – the amount you will receive is dependent on how much PAYG you withhold from your employees over the next few months.

BOOSTING CASH FLOW FOR EMPLOYERS

Summary

The Government is providing up to \$100,000 to eligible small and medium sized businesses that employ people, with a minimum payment of \$20,000. On 12 March 2020, the Government announced the Boosting Cash Flow for Employers measure. The measure initially provided up to \$25,000 to business, with a minimum payment of \$2,000 for eligible businesses. The Government has enhanced this measure as part of the second economic response package. Under the enhanced scheme, employers will receive a payment equal to 100% of their PAYG withheld (up from 50%), with the maximum payment being increased from \$25,000 to \$50,000. In addition, the minimum payment is being increased from \$2,000 to \$10,000.

An additional payment is also being introduced in the July – October 2020 period. Eligible entities will receive an additional payment equal to the total of all of the Boosting Cash Flow for Employers payments they have received. This means that eligible entities will receive at least \$20,000 up to a total of \$100,000 under both payments. The cash flow boost is a tax free payment to employers and is automatically calculated by the Australian Taxation Office (ATO). There are no new forms required.

Eligibility

Small and medium sized business entities with aggregated annual turnover under \$50 million and that employ workers will be eligible. Eligibility will generally be based on prior year turnover.

The payment (April) will be delivered by the ATO as an automatic credit in the activity statement system from **28 April 2020** upon employers lodging eligible upcoming activity statements:

- The payments will only be available to active eligible employers established prior to 12 March 2020 – you cannot register as an employer now.
- BAS's need to be lodged to get the payment.
- It is not actually a payment – it is a credit to your Integrated Client Account – only actually paid to you if the balance of the account is in credit after the BAS has been processed (including any GST to be paid on that BAS)
- Eligible employers that withhold tax to the ATO on their employees' salary and wages and who lodge quarterly will receive a credit equal to 100% of the PAYG withheld on the March BAS up to a maximum payment of \$50,000.

- Eligible employers that withhold tax to the ATO on their employees' salary and wages and who lodge monthly will receive a credit equal to 300% of the PAYG withheld on the March BAS up to a maximum payment of \$50,000 – which reflects that they have already lodged and paid the January & February PAYG withheld but are not disadvantaged for doing so.
- Eligible employers that pay salary and wages will receive a minimum payment of \$10,000, even if they are not required to withhold tax. In order to receive the minimum payment you will need to report wages on the March 2020 or June 2020 BAS at label W1. There is no requirement to withhold PAYG at W2.
- Remember that paying wages also requires you to be Single Touch Payroll compliant – you may need software suitable for making the above payments correctly – please talk to us if you need help in this regard.

The additional payments (September):

- To qualify for the additional payment, the entity must continue to be active in paying wages.
- For monthly activity statement lodgers, the additional payments will be equal to a quarter of their total initial Boosting Cash Flow for Employers payment following the lodgment of their June 2020, July 2020, August 2020 and September 2020 activity statements (up to a total of \$50,000).
- For quarterly activity statement lodgers the additional payments will be equal to half of their total initial Boosting Cash Flow for Employers payment following the lodgment of their June 2020 and September 2020 activity statements (up to a total of \$50,000).

APPRENTICES AND TRAINEES SUPPORT

Summary

Eligible employers can apply for a wage subsidy of 50 per cent of the apprentice's 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

The subsidy will be available to small businesses employing fewer than 20 full-time employees who retain an apprentice or trainee. The apprentice or trainee must have been in training with a small business 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 is undertaken by an Australian Apprenticeship Support Network (AASN) provider.

Employers can register for the subsidy from early April 2020. Final claims for payment must be lodged by 31 December 2020.

DEPRECIATION MEASURES

From Thursday 12 March 2020, the instant asset write-off threshold has been increased from \$30,000 (for businesses with an aggregated turnover of less than \$50 million) to \$150,000 (for businesses with an aggregated turnover of less than \$500 million) until 30 June 2020.

A time-limited 15-month investment incentive (through to 30 June 2021) which will operate to accelerate certain depreciation deductions. This measure will be able to immediately deduct 50% of the cost of an eligible asset on installation, with existing depreciation rules applying to the balance of the asset's cost.

As announced, this measure is proposed to only apply to new depreciating assets first used, or installed ready for use, by 30 June 2021. To get a 2020 deduction the asset needs to be delivered and in use in your business by 30 June 2020.

EARLY ACCESS TO SUPERANNUATION

Summary

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 for approximately three months (exact timing will depend on the passage of the relevant legislation).

People accessing their superannuation will not need to pay tax on amounts released and the money they withdraw will not affect Centrelink or Veterans' Affairs payments. You will be able to apply for early release of your superannuation from mid-April 2020.

Eligibility

To apply for early release you must satisfy any one or more of the following requirements:

- you are unemployed; or
- 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; or
- on or after 1 January 2020: you were made redundant; or your working hours were reduced by 20 per cent or more; or
- if you are a sole trader — your business was suspended or there was a reduction in your turnover of 20 per cent or more.

How to apply

If you are eligible for this new ground of early release, you can apply directly to the ATO through the myGov website. You will need to certify that you meet the above eligibility criteria. After the ATO has processed your application, they will issue you with a determination. The ATO will also provide a copy of this determination to your superannuation fund, which will advise them to release your superannuation payment. Your fund will then make the payment to you, without you needing to apply to them directly. Further guidance will be available on the ATO website: www.ato.gov.au.

Financial advice

Accessing your superannuation may or may not be the best option for you at this time. We recommend you seek advice from a qualified financial advisor before you do so.

LODGEMENT DATES

We had hoped to receive some news in Round 2 regarding extensions of time to lodge 2019 tax returns and March BAS's. Unfortunately the ATO has still not advised of any blanket extensions and still advise extensions are on a case-by-case basis. This means that our lodgement deadlines of 31 March 2020, 15 May 2020 and 5 June 2020 remain relevant to the 2019 tax returns at this point in time.

If you need an extension of time beyond these dates please let us know. We will be sending out reminders for those that the dates apply to as the time approaches – if we haven't already told you your returns are due on 31 March – that deadline does not apply to you.

HOME OFFICE EXPENSES

A lot of business owners are currently assessing whether employees can work from home during a potential Queensland shutdown in the coming weeks. Details of what employees can claim if they do work from home can be found in the below link:

<https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/Home-office-expenses/>

PAYG INSTALMENTS

If you are a quarterly pay as you go (PAYG) instalments payer you can vary your PAYG instalments on your activity statement for the March 2020 quarter. You can do this by lodging a revised activity statement before your instalment is due and before you lodge your tax return for the year. Taxpayers that vary their PAYG instalment rate or amount can also claim a refund for any instalments made for the September 2019 and December 2019 quarters.

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.

Please note, however, that varying the instalment does not alter the tax payable for the 2020 financial year – and may lead to a larger payable amount when lodging your tax return for next year.

Please contact us to discuss if you would like to vary your March PAYG instalment to alleviate cashflow requirements in the short term.

STATE GOVERNMENT INITIATIVES

The Queensland State government has also announced a number of specific initiatives to assist business at this time. Further details can be found at the following link:

<https://www.qld.gov.au/about/industry-recovery/business-and-industry-support>

*Please feel free to pass on to any friends, family or colleagues you feel may benefit from our newsletter or our services.
If you do not wish to receive our newsletter, please reply with unsubscribe in the subject line.*

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