

Let's chat...

Australian Government's second stimulus package – 24/03/2020

With:

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Information provided is general in nature; precise application depends on specific circumstances

Small business

- Small and medium businesses ('aggregated turnover' less than \$50m) that make payments that are subject to withholding obligations may receive cash payments equal to the withheld amount (minimum \$10,000 if the withheld amount is less than \$10,000) (**First Cash Flow Boost**) (*Boosting cash flow for employers*)
- A second payment equal to the First Cash Flow Boost may also be payable to those businesses from June to September 2020 (in equal instalments)
- Small and medium businesses can claim an instant tax deduction on assets (including depreciating assets) bought for less than \$150,000 (*Instant asset write-off*)
- Small and medium businesses who want to claim depreciation on certain assets, can utilise an accelerated formula (*Backing business investment*)

Boosting cash flow for employers

Requirements (note: you, being the legal business entity)

- You make payments relating to wages, salary or similar remuneration that you are obligated to withhold taxed amounts (which includes voluntary contractor withholding payments)
- You are a small or medium business entity/charity/not-for-profit; **or** the ATO is reasonably satisfied that you will be
- You notify the ATO of the amounts withheld under point 1
- You make such withholding between March 2020 and June 2020
- If you are not registered on the Australian Charities and Not-for-profits Commission, then you held an ABN on 12 March 2020; **and** you carried on a business between 1 July 2018 and 12 March 2020
- You are not doing anything to artificially boost the withheld amounts

Boosting cash flow for employers

Payment mechanics

- When submitting your 'BAS', amounts that you are required to withhold relating to salary/wages/other remuneration
- On submitting the BAS for the March Quarter/Month (note special rule for March Month BAS), you will receive a 'cash flow boost payment' equal to 100% of the amount that has been withheld
- If you have already paid the withheld amount, then you can request a refund. If you have not paid the withheld amount, then you can receive a credit from the ATO (to offset the withheld amount)
- Cash flow boost payments continue until June 2020
- From June 2020 to September 2020, a **second** cash flow boost will be paid to you equal to the total of the cash flow boost payments from March 2020 to June 2020 (paid in equal instalments)

Small business cont.

- Small businesses retaining apprentices and trainees may apply for a wage subsidy with the Government equal to 50% of the apprentice's or trainee's wage from 1 January 2020 to 30 September 2020 (maximum \$21,000 per eligible person) (*Assistance for apprentices and trainees*)
- Amendments are being made to the *Corporations Act 2001* (Cth) relaxing some of the legal obligations imposed on certain persons (as some legal obligations may be breached due to the current economic environment – e.g. obligation not to trade the company while insolvent) (*Providing flexibility in the Corporations Act*)
- Legal framework will be developed allowing the Government to guarantee a loan owed by a 'SME' entity to certain financial institutions (*Guarantee of Lending to Small and Medium Enterprises*)

Sole traders and employees

- Jobseeker and Youth Allowance payments requirements relaxed (no need to satisfy the assets test, liquid assets waiting period, ordinary waiting period and other waiting periods) and increased by \$550 (*Additional support for income support recipients*)
- Early release of superannuation up to \$20,000 for unemployed individuals/individuals on certain Centrelink benefits **and** since 1 January 2020 they were made redundant/working hours reduced by at least 20%/if person was a sole trader, then their turnover reduced by more than 20% or business was suspended (*Early release of superannuation*)
- Persons on certain income support payments/concession card holders eligible for \$750 payments (provided they satisfy requirements on 13 April 2020 and/or 10 July 2020) (*Stimulus payments to households to support growth*)

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