



Australian Government Support for Businesses

The Australian Government is currently offering support to Australian businesses to manage cashflow challenges and to most importantly retain employees. These temporary measures have been put in place to provide relief for Financially Distressed Businesses

You may include your own business to assess this support or you may have some clients businesses that may be in need for some support, therefore this document will provide you with the guidance to apply for this support from the Australian Government during this challenging time.

The following summaries have been provided to give you some insight on how the Australian Government are assisting Businesses and if you are eligible.

If you require further information, please contact our office for us to assist you.

1. **BOOSTING CASHFLOW FOR EMPLOYERS**

The Government is enhancing the Boosting Cash Flow for Employers measure it announced on 12 March 2020. The Government is providing **up to \$100,000 to eligible small and medium-sized businesses**, and not for-profits (NFPs) that employ people, with a **minimum payment of \$20,000**. These payments will help businesses and NFPs with their cash flow so they can keep operating, pay their rent, electricity and other bills and retain staff.

Small and medium-sized business entities with aggregated annual turnover under \$50 million and that employ workers are eligible. NFPs, including charities, with aggregated annual turnover under \$50 million and that employ workers will now also be eligible. This will support employment at a time where NFPs are facing increasing demand for services.

Under the enhanced scheme, **employers will receive a payment equal to 100 per cent of their salary and wages withheld (up from 50 per cent), 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.**

Eligibility - Boosting Cash Flow for Employers payments

Small and medium sized business entities and NFPs 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 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.
- Eligible employers that withhold tax to the ATO on their employees' salary and wages will receive a payment equal to 100 per cent of the amount withheld, up to a maximum payment of \$50,000.
- Eligible employers that pay salary and wages will receive a minimum payment of \$10,000, even if they are not required to withhold tax.
- The payments will only be available to active eligible employers established prior to 12 March 2020. However, charities which are registered with the Australian Charities and Not-for-profits Commission will be eligible regardless of when they were registered, subject to meeting other eligibility requirements. This recognises that new charities may be established in response to the Coronavirus pandemic

Eligibility - Additional payment to qualify for the additional payment

The entity must continue to be active.

For monthly activity statement lodgers, the additional payments will be delivered as an automatic credit in the activity statement system. This 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 delivered as an automatic credit in the activity statement system. This 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).

This measure will benefit around 690,000 businesses employing around 7.8 million people, and around 30,000 NFPs (including charities).

2. TAX PAYMENT DEFERRALS

- **Deferring by up to 4 months the payment date of amounts due through the business activity statement** (including PAYG instalments), income tax assessments, fringe benefits tax assessments and excise duty.
- **Allowing businesses on a quarterly reporting cycle to opt into monthly GST reporting** in order to get faster access to GST refunds they may be entitled to.
- **Allowing businesses to vary Pay As You Go (PAYG) instalment amounts to zero for the March 2020 quarter.** Businesses that vary their PAYG instalment to zero can also claim a refund for any instalments made for the September 2019 and December 2019 quarters.
- **Remitting any interest and penalties**, incurred on or after 23 January 2020, that have been applied to tax liabilities; and
- Allowing affected businesses to enter into **low-interest payment plans** for their existing and ongoing tax liabilities

3. TEMPORARY RELIEF FOR FINANCIALLY DISTRESSED BUSINESSES

The economic impacts of the Coronavirus and health measures to prevent its spread could see many otherwise profitable and viable businesses temporarily face financial distress. One element of that safety net is to lessen the threat of actions that could **unnecessarily push them into insolvency and force the winding up of the business.**

The **ATO will tailor solutions for owners or directors of business** that are currently struggling due to the Coronavirus, including temporary reduction of payments or deferrals, or withholding enforcement actions including Director Penalty Notices and wind-ups.

Temporary higher threshold and more time to respond to demands from Creditors

A creditor issuing a statutory demand on a company is a common way for a company to enter liquidation. The Government is temporarily **increasing the current minimum threshold for creditors** issuing a statutory demand on a company under the Corporations Act 2001 from **\$2,000 to \$20,000. This will apply for six months**

Temporary relief from Directors' Personal Liability for trading while insolvent

Directors are personally liable if a company trades while insolvent. This can lead to boards of directors feeling under pressure to make quick decisions to enter into an insolvency process if there is any risk that the company will experience periods where it will be trading while insolvent.

To make sure that companies have confidence to continue to trade through the Coronavirus health crisis with the aim of returning to viability when the crisis has passed, **directors will be temporarily relieved of their duty to prevent insolvent trading with respect to any debts incurred in the ordinary course of the company's business.**

This will relieve the director of personal liability that would otherwise be associated with the insolvent trading. **It will apply for six months.**

4. INCREASING THE INSTANT ASSET WRITE-OFF

The Government is **increasing the instant asset write-off threshold from \$30,000 to \$150,000** and expanding access to include businesses with aggregated annual turnover of less than \$500 million (up from \$50 million) until 30 June 2020.

Eligibility

The Government is expanding access so that more businesses can take advantage of the IAWO. The **annual turnover threshold for businesses is increasing from \$50 million to \$500 million.**

Expanding the threshold will mean an additional 5,300 businesses who employ around 1.9 million Australians will be able to access the IAWO for the first time

5. 50% INVESTMENT INCENTIVE

Introducing a time limited 15 month investment incentive (to 30 June 2021). Businesses with aggregated annual turnover of less than \$500 million per annum will be entitled to accelerated depreciation deductions.

Eligibility

Businesses will be able to **deduct 50% of the cost of an eligible asset upon installation.** Assets must be acquired after 12 March 2020 and first used or installed by 30 June 2021.

There is no asset value threshold for this 50% investment incentive and the existing depreciation rules will continue to apply to the remaining balance of the asset's cost over its effective life. Therefore, an eligible asset will generate the immediate deduction of 50%, plus in the same year will generate a Division 40 depreciation deduction calculated in accordance with the normal depreciation rules.

6. SUPPORTING APPRENTICES AND TRAINEES

The Government is **supporting small business to retain their apprentices and trainees.** Eligible employers can apply for a wage subsidy of 50 per cent of the apprentice's or trainee's wage for 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 that employs that apprentice. **Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter).**

Support will also be provided to the National Apprentice Employment Network, the peak national body representing Group Training Organisations, to co-ordinate the re-employment of displaced apprentices and trainees throughout their network of host employers across Australia.

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.

This measure will support up to 70,000 small businesses, employing around 117,000 apprentices

How we can help?

During these challenging times, it is important that we keep the lines of communication open. If at any time you wish to discuss your financial circumstances or personally believe that you may need some assistance with your business but really don't know where to start, please call our office.

We may not have all the answers but we will do everything we can to help you in any way that we can.

Look forward to hearing from you and stay safe.

Disclaimer:

The information in this document is of a general nature only and are not to be taken as recommendations as they might be unsuited to your specific circumstances. The contents herein do not take into account the investment objectives, financial situation or particular needs of any person and should not be used as the basis for making any financial or other decisions.

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