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accounting tax and financial services  
*it's all about you*

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## 3<sup>rd</sup> BBC Newsletter March 2020

Another massive announcement from the Government, so we've updated our previous newsletter with this 3<sup>rd</sup> version.

We have not repeated some of the non-Coronavirus additional important information that we discussed on our recent newsletter, however we again urge you to read it for other important updates such as the SGC Amnesty, Annualised Salary Award Changes, myGovID, etc. You can [click here](#) for a copy. The previous 2<sup>nd</sup> version of this newsletter is available [here](#).

If you'd like to speak to a professional about any of these issues, please [contact one of our team today](#).

### Coronavirus (COVID-19) Issues

#### BBC

During business hours we now have drop off boxes outside the door of both our Kingaroy and Nanango offices to limit unnecessary contact. You can put your information in the box if you only need to drop off information and do not need to speak to reception. Ring the bell and a staff member will collect your information.

Please see our [earlier article on our website](#) for more information about the measures we are taking to ensure continuity of service.

#### Government Support for Business

We will keep the previous information and update it – for your convenience however we'll mark the updated information [like this](#) and mark major changes as **Update3**.

**The third major announcements about the JobKeeper payments and partner income test changes are yet to be passed into law. Parliament will need to be recalled (expected to occur in the next few weeks) to enact these measures. Please be cautious with these announcements until this occurs.**

The earlier Federal Government measures have now been [passed by parliament](#) – links to the [legislation passed by parliament are here](#). The best sources of information and examples at the moment are in the PDF downloads available at [www.treasury.gov.au/coronavirus](http://www.treasury.gov.au/coronavirus) and in the [Explanatory Memorandum](#). [This business.gov.au website](#) also provides some good summaries.

- The Small Business instant asset write-off threshold will be increased from \$30,000 to \$150,000 from 12 March 2020 until 30 June 2020. The aggregated turnover threshold to access these measures will also be increased from \$50 million to \$500 million until 30 June 2020.

This \$150,000 threshold will also extend to Low Pool Balances at 30/6/2020, so a lot of existing pool balances will write-off without having to spend anything at all. Also please note that the threshold is due to revert to \$1,000 from 1 July 2020 and with the Federal Budget now delayed until October and limited time to legislate there is a real chance that

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this lower threshold will come into play. The below 50% investment incentive for new items may then become more relevant.

- For higher cost equipment, or for those businesses that do not use the Small Business depreciation rules, a new investment incentive will be available from 12 March 2020 through to 30 June 2021 that will operate to accelerate certain depreciation deductions. Businesses with a turnover of less than \$500 million 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. It does not apply to second hand assets, buildings or other capital works assets.
- Various temporary relief from specific insolvency laws are proposed. [See the fact sheet for more details.](#)

## Government Support for Employers

- Tax-free payments of up to \$100,000 for eligible small and medium businesses, not-for-profits and charities based on their PAYG withholding obligations. (All need a turnover of less than \$50 million and must employ staff)
  - These will be made in two parts - up to 30 June and after 30 June.
  - The initial payments will be benchmarked to 100 per cent of the amount withheld on employees' salary and wages, up to a maximum payment of \$50,000 for the period up to 30 June. The additional payments made after 30 June (if the business continues to be active) will then be based on the amount you received for the pre 30 June period.
  - Eligible businesses that pay salary and wages will initially receive a minimum payment of \$10,000, even if they are not required to withhold tax. A second minimum payment of \$10,000 will be paid after 30 June. The first payment will occur on the first eligible activity statement lodgement during the initial period.
  - The measure will be delivered by the ATO as a credit in the activity statement system from 28 April 2020 upon businesses lodging eligible upcoming activity statements. Employers who lodge their BAS on a monthly basis will be eligible to receive the payment for the March 2020, April 2020, May 2020 and June 2020 lodgements, while quarterly lodgers will be eligible to receive the payment for the quarters ending March 2020 and June 2020.
  - The additional payments after 30 June are based on the amount you receive in the pre 30 June period. Monthly lodgers will receive ¼ of the pre 30 June amount in each monthly lodgement for June, July, August and September 2020.
  - The payments will only be available to active eligible employers established prior to 12 March 2020. The entity needs to have held an ABN on 12 March 2020, and reported business income in its 2018-19 Income Tax Return or made taxable supplies that were reported to the ATO prior to 12 March.

An entity will be disqualified as an eligible entity if there is a scheme with the sole or dominant purpose of getting the benefit.

To be eligible the entity must make a payment that is subject to withholding obligations (broadly a payment of wages or salary or similar) – so W1 on your BAS. It does not matter if an amount has actually been withheld or not (so it doesn't matter if W2 on your BAS is nil).

The entity needs to be a small or medium business entity in the last lodged Income Tax Return, but the ATO has to be satisfied that the entity is likely to still be a small or medium business entity.

- The payments reduce the amount you owe on the Activity Statements. If this creates a refund position, the balance will be refunded to you.
- To understand how it works, see the examples in the [support for business factsheet](#) on [www.treasury.gov.au](http://www.treasury.gov.au)

These measures have a start date from 12 March. We urge you to exercise caution in making big investment decisions to take advantage of these measures until you are certain you are eligible.

- The federal government will also provide wage subsidies to support the retention of apprentices and trainees. Employers with less than 20 full-time employees may be entitled to apply for Government funded wage subsidies amounting to 50% of an apprentice's or trainee's wage for up to nine months from 1 January 2020 to 30 September 2020. The maximum subsidy for each apprentice/trainee is \$21,000. Importantly, where an employer is not able to retain an apprentice, the subsidy will be available to a new employer that employs that apprentice. It is proposed that employers will be able to register for the subsidy from early-April 2020.
- **UPDATE3: JOBKEEPER PAYMENTS** of a flat payment of \$1,500 per fortnight will be paid to eligible employers who have experienced a significant downturn during this period.

The payment will be paid to employers, for up to six months, for each eligible employee that was on their books on 1 March 2020 that is retained and continues to be engaged by that employer.

Where a business has stood down employees since 1 March, the payment will help them maintain connection with their employees. The payment will also apply to those who ceased employment since 1 March and then were re-engaged by the same eligible employer.

Employers will receive a payment of \$1,500 per fortnight per eligible employee. Every eligible employee must receive at least \$1,500 per fortnight from this business, before tax. If this is more than the normal pay, it will be up to the employer if they want to pay superannuation on any additional wage paid because of JobKeeper Payments.

The \$1,500 amount is a before tax amount – tax will be withheld as per normal arrangements. Employers also must notify employees that they are claiming the JobKeeper payment on their behalf.

The program will commence from 30 March 2020, with the first payments to be received by eligible businesses in the first week of May as monthly arrears from the Australian Taxation Office. Eligible businesses can begin distributing the JobKeeper payment immediately and will be reimbursed from the first week of May.

Eligible employers will be those with annual turnover of less than \$1 billion who self-assess that have a reduction in revenue of 30 per cent or more, since 1 March 2020 over a minimum one-month period.

Eligible employers include businesses structured through companies, partnerships, trusts and sole traders. Not for profit entities, including charities, will also be eligible.

Full time and part time employees, including stood down employees, would be eligible to receive the JobKeeper Payment. Where a casual employee has been with their employer for at least the previous 12 months they will also be eligible for the Payment. An employee will only be eligible to receive this payment from one employer.

Eligible employees include Australian residents, New Zealand citizens in Australia who hold a subclass 444 special category visa, and migrants who are eligible for JobSeeker Payment or Youth Allowance (Other).

Self-employed individuals are also eligible to receive the JobKeeper Payment.

Eligible businesses can apply for the payment online and are able to register their interest via [ato.gov.au](http://ato.gov.au)

More information can be found at [this treasury.gov.au factsheet](https://www.treasury.gov.au).

## Flow of Credit

- **CORONAVIRUS SME GUARANTEE SCHEME**

The Coronavirus small and medium sized businesses (SME) Guarantee Scheme will provide a guarantee of 50 per cent to SME lenders for new unsecured loans to be used for working capital. This will enhance these lenders' willingness and ability to provide credit, which will result in SMEs being able to access additional funding to help support them through the upcoming months.

SMEs with a turnover of up to \$50 million will be eligible to receive these loans.

The Government will provide eligible lenders with a guarantee for loans with the following terms:

- Maximum total size of loans of \$250,000 per borrower.
- The loans will be up to three years, with an initial six month repayment holiday.
- The loans will be in the form of unsecured finance, meaning that borrowers will not have to provide an asset as security for the loan.

Loans will be subject to lenders' credit assessment processes with the expectation that lenders will look through the cycle to sensibly take into account the uncertainty of the current economic conditions.

As part of the loan products available, the Government will encourage lenders to provide facilities to SMEs that only have to be drawn if needed by the SME. This will mean that the SME will only incur interest on the amount they draw down. If they do not draw down any funds from the facility, no interest will be charged, but they will retain the flexibility to draw down in the future should they need to.

The Scheme will commence by early April 2020 and be available for new loans made by participating lenders until 30 September 2020.

More information is available on this [treasury.gov.au link](https://www.treasury.gov.au). Your bank will be able to provide more information. [This page from the NAB](#) is an example.

- **OTHER BANK MEASURES:** Your bank may be offering other measures. NAB for example are allowing fee waivers on merchant terminal rentals and monthly fees, as well

as deferral of principal and interest for six months on a range of business and home loans. Please contact your bank to discuss what measures may be available to you.

- UPDATE3: The Australian Banking Association has now extended its emergency support measures by allowing businesses with total business loan facilities of up to \$10 million to defer repayments for six months.

The opt-in measure will see the banks apply certain conditions on customers, including requiring customers to advise that their business is affected by COVID-19.

Commercial property landlords will need to provide an undertaking to the bank that for the period of the interest capitalisation they will not terminate leases or evict current tenants for rent arrears as a result of COVID-19.

Business are also required to have been current in terms of existing facilities 90 days prior to applying.

Interest will be capitalised, meaning either the term of the loan is extended or payments are increased after the deferral period.

For more info, see the [Australian Banking Association website](#).

- QUICK AND EFFICIENT ACCESS TO CREDIT FOR SMALL BUSINESSES

The Government is providing an exemption from responsible lending obligations for lenders providing credit to existing small business customers. This exemption is for six months, and applies to any credit for business purposes, including new credit, credit limit increases and credit variations and restructures. This should help small businesses get access to credit quickly and efficiently.

### State Based Schemes:

We have focussed on QLD measures here, however the NSW State government has also announced a range of measures ([see this link](#) and [this news link dated 27 March 2020](#)). Other states will have their own information and you should go to the relevant website in each state.

The main source of info for QLD is at [www.treasury.qld.gov.au](http://www.treasury.qld.gov.au)

- The Queensland State government is offering a new loan facility of up to \$250,000, interest free for the first 12 months, to support businesses to retain their staff. This will be administered via QRIDA.

More info can be found at [www.grida.qld.gov.au](http://www.grida.qld.gov.au) and applications can be [lodged now](#)

- If payroll tax is applicable to you, the Queensland State government is apparently refunding two months' worth of payroll tax for small and medium business, and waiving an additional 3 months of payroll tax. The previously announced payroll tax deferral will now apply for six months from July to December after the payroll tax holiday.

Large business will also receive the benefit of all these measures except for the 3 months of payroll tax holiday (although these payments can be deferred).

- Electricity Rebates: QLD Small and Medium Businesses and sole trader businesses will receive a \$500 rebate on power bills.

Households will receive a \$200 per household reduction in Electricity and Water charges.

- Queensland Liquor Licensing fees waived for venues forced to close
- Queensland Health Directions, including the list of non-essential businesses subject to the closure direction, are [here](#).
- If you are a Manufacturing Business that is having trouble obtaining vital materials and supplies to remain open, [see this link](#).

## Support for Individuals

The [Centrelink News page](#) is a great source of information, as well as the other links provided.

- The federal government will also provide tax-free payments of \$750 to social security, veteran and other income support recipients and eligible concession card holders. It is estimated that around half of those who will benefit will be pensioners. These payments will commence to be automatically made from 31 March 2020. A second payment of \$750 will be made on 10 July 2020.

Centrelink will pay you the \$750 one off Economic Support Payment if you're living in Australia and get an eligible payment between 12 March 2020 and 13 April 2020. You don't need to do anything – it will be paid automatically. You'll get the money from 31 March with most getting it by 17 April 2020.

It won't be counted as income for social security and family tax benefit payments, aged care fees and charges, Farm Household Allowance and veterans' payments. It's tax exempt. It won't be used to pay off an existing Centrelink or Child Support debt.

A second \$750 Economic Support Payment will be paid from 13 July 2020 if you're getting an eligible payment or have an eligible concession card on 10 July 2020.

More information, as well as a list of eligible payment and concession cards, are [on this web link](#).

- Centrelink will also make Crisis Payment available if you need to self-isolate, are in severe financial hardship and you can get an income support payment

If you can't work because you're isolated at home due to coronavirus and don't have any leave entitlements you may get Crisis Payment if you're in severe financial hardship and you get an income support payment like JobSeeker Payment or Youth Allowance for job seekers. Crisis Payment is a one off payment equal to a week's pay of your existing income support payment rate.

- CoronaVirus Supplement - A new temporary \$550 per fortnight Coronavirus supplement will apply from 27 April for 6 months for various payment categories.

We have provided a lot more detail on this one, mainly derived from the treasury fact sheet.

If you're not already getting a payment and need to claim, you need to claim for one of the eligible payments and be approved before you will also get the supplement. You can claim online through [myGov](#) using a Centrelink online account, or [phone](#).

More information about how you can [register your intent to claim is here](#). [This page](#) also has some good information and notes about how and when to claim. This [ABC story](#) might also be helpful.

Centrelink advises that they will give you access if you're:

- a permanent employee who has been stood down or lost your job
- a sole trader, self-employed, a casual or contract worker whose income has reduced
- caring for someone who's affected by coronavirus.

Asset testing will be waived from 27 April for 6 months, except for Farm Household Allowance and Special Benefit. Mutual Obligations for all payments suspended until April 27.

Income testing, income maintenance and compensation preclusion periods will continue to apply.

UPDATE3 – -the Jobseeker Payment is what is used to determine access to the \$550 per fortnight Coronavirus Supplement, and is subject to a partner income test. The Government is temporarily relaxing the partner income test to ensure that an eligible person can receive the JobSeeker Payment, and associated Coronavirus Supplement, providing their partner earns less than \$3,068 per fortnight, around \$79,762 per annum. The personal income test for individuals on JobSeeker Payment will still apply.

Ordinary Waiting Period will not apply, nor will the liquid asset test waiting period, newly arrived residents waiting period, and seasonal work preclusion period if you are eligible for the supplement.

You can't access employer entitlements, such as annual leave or sick leave, or income protection insurance at the same time as getting JobSeeker Payment or Youth Allowance for job seekers.

More information is [on this web link](#)

### More Detailed Info

A new temporary \$550 per fortnight Coronavirus supplement will apply from 27 April for 6 months for the following payment categories:

- Jobseeker Payment (and all payments progressively transitioning to JobSeeker Payment; those currently receiving Partner Allowance, Widow Allowance, Sickness Allowance and Wife Pension)
- Youth Allowance Jobseeker
- Parenting Payment (Partnered and Single)
- Farm Household Allowance
- Special Benefit recipients
- Youth Allowance, Austudy and Abstudy payments

For the period of the Coronavirus supplement, there will be expanded access to the income support payments listed above.

- Expanded access: Jobseeker Payment and Youth Allowance Jobseeker criteria will provide payment access for permanent employees who are stood down or lose their employment; sole traders; the self-employed; casual workers; and contract workers who meet the income tests as a result of the economic downturn due to the Coronavirus. This could also include a person required to care for someone who is affected by the Coronavirus.
- Reduced means testing: Asset testing for JobSeeker Payment, Youth Allowance Jobseeker and Parenting Payment will be waived for the period of the Coronavirus supplement. Income testing will still apply to the person's other payments, consistent with current arrangements.
- Reduced waiting times: The one week Ordinary Waiting Period has already been waived. Some other waiting periods are reduced. Income Maintenance Periods and Compensation Preclusion Periods will continue to apply, as payments under these arrangements are treated as income.

People will not be permitted, and will need to declare that they are not, accessing employer entitlements (such as annual leave and/or sick leave) or Income Protection Insurance, at the same time as receiving Jobseeker Payment and Youth Allowance Jobseeker under these arrangements.

UPDATE3 – -the Jobseeker Payment is what is used to determine access to the \$550 per fortnight Coronavirus Supplement, and is subject to a partner income test. The Government is temporarily relaxing the partner income test to ensure that an eligible person can receive the JobSeeker Payment, and associated Coronavirus Supplement, providing their partner earns less than \$3,068 per fortnight, around \$79,762 per annum. The personal income test for individuals on JobSeeker Payment will still apply.

#### Faster claim process/Accelerated claim process:

To ensure timely access to payments, new applicants are encouraged to claim through on-line and mobile channels. If applicants do not have internet access, they can claim over the phone.

- From April 2020, Services Australia will allow new applicants to call to verify their identity to reduce the need to visit a Services Australia office.
- To claim online, people who do not already deal with Services Australia will need to set up their myGov account, call to verify their identity, and get a link to their Centrelink online account.
- Applicants for Jobseeker Payment and Youth Allowance Jobseeker will:
  - Make an initial declaration about their identity, residency status, income and that they have been made redundant, or had their hours reduced (including to zero) as a result of the economic downturn due to Coronavirus.
  - In the case of sole traders and the self-employed, applicants will make a declaration that their business has been suspended or had turnover reduced significantly.
- Applicants may also declare the amount of rent they pay in this declaration to qualify for Rent Assistance.
- Services Australia has effective measures in place to detect those seeking to defraud the social security system. Anyone fraudulently claiming a payment will need to pay the money back and may face imprisonment.



### Streamlined application process:

A number of simplified arrangements will be put in place to make it easier to claim, including **removing** the requirements for:

- Employment Separation Certificates, proof of rental arrangements and verification of relationship status;
- Job Seeker Classification Instrument assessment for those people who have recently left jobs, recognising they are job ready; and
- Job seekers to make an appointment with an employment service provider before they can be paid

### Flexible jobseeking arrangements

Those receiving Jobseeker Payment have an obligation to actively look for work or build their skills, but the Government is making sure this can be done flexibly and safely.

- Jobseekers who have caring responsibilities, or who need to self-isolate, are able to seek an exemption from their mutual obligation requirements without the need for medical evidence.
- Activities can be rescheduled if the job seeker is unable to attend as a result of the Coronavirus. Job Plans will be adjusted to a default requirement of four job searches a month (or one a week) to reflect softening labour market conditions.

Mutual obligations can be tailored for each individual to suit not only their needs but also the needs of the community. In some circumstances, job seekers can undertake training or volunteer within their community to meet their mutual obligation requirements.

Sole traders that become eligible for the Jobseeker Payment will automatically meet their mutual obligation requirements during this period by continuing to develop and sustain their business.

- Retirees Super -temporarily reducing superannuation minimum drawdown requirements for account-based pensions and similar products by 50 per cent for the 2019-20 and 2020-21 income years.
- Retirees Pension Deeming Rates - reducing both the upper and lower social security deeming rates by a further 0.25 percentage points in addition to the 0.5 percentage point reduction to both rates announced on 12 March 2020.
- Temporary Early Access to Super

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 until 24 September 2020.

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 (we are unsure if the change to expand the payment to Youth Allowance extends to this measure); 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.

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.

If you are eligible for this new ground of early release, you can apply directly to the ATO through the myGov website: [www.my.gov.au](http://www.my.gov.au). You will need to certify that you meet the above eligibility criteria.

### Tax Office Administrative Relief

The ATO will provide administrative relief for some tax obligations for people affected by the Coronavirus outbreak, on a case-by-case basis. Businesses impacted by the coronavirus are encouraged to contact the ATO Emergency Support Info Line on 1800 806 218 to discuss relief options including:

- deferring by up to four months the payment date of amounts due through the business activity statement (BAS, including PAYG instalments), income tax assessments, FBT assessments and excise
- allowing businesses on a quarterly reporting cycle to opt into monthly GST reporting in order to get quicker access to GST refunds they may be entitled to
- allowing businesses to vary Pay As You Go (PAYG) instalment amounts to zero for the April 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
- working with affected businesses to help them pay their existing and ongoing tax liabilities by allowing them to enter into low-interest payment plans.

You can find more information at this [ATO website](#).

### SMSF Administrative Relief

UPDATE3: The ATO have confirmed that SMSFs can provide 'a temporary rent reduction' to tenants, including a tenant:

- who is a related party or related trust
- where a member, relative or a member or related party/trust has an underlying economic interest in the tenant.

Although this would normally trigger a range of SIS Act compliance breaches, the ATO has indicated that it will not take compliance action for either the 2020 or 2021 financial years.

As a result, an SMSF can provide a temporary rent reduction immediately without fear of the ATO taking adverse action.

This [Cooper Grace Ward article](#) provides more information.

## More Information

The third major announcements about the JobKeeper payments and partner income test changes are yet to be passed into law. Parliament will need to be recalled (expected to occur in the next few weeks) to enact these measures. Please be cautious with these announcements until this occurs.

The earlier Federal Government measures have now been [passed by parliament](#) – links to the [legislation passed by parliament are here](#). The best sources of information and examples at the moment are in the PDF downloads available at [www.treasury.gov.au/coronavirus](http://www.treasury.gov.au/coronavirus) and in the [Explanatory Memorandum](#). [This business.gov.au website](#) also provides some good summaries.

See our [earlier article on our website](#) for some advice for employers.