



# ***COVID-19 measures one stop shop***

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# What we are covering today

## ⇒ 1. Stimulus package measures

- JobKeeper payments
- ATO support for affected entities
- Cash flow boost for employers
- Instant asset write-off
- Asset cost thresholds
- 50% business investment incentive

## ⇒ 2. State Tax Measures

- Payroll tax
- State taxes

## ⇒ 3. Insolvency measures

- Temporary removal of insolvent trading
- Increased thresholds for wind-up / bankruptcies
- Increased time to pay
- ATO recovery measures

## ⇒ 4. Superannuation

- Access to superannuation for the financially distressed
- 50% reduction in pension minimums




# *Stimulus package measures*






# Stimulus package measures


## JobKeeper payments

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- 1 Eligibility** 
    - Satisfy > 30% decline in turnover (or alternate test)
    - Applies to sole traders (businesses without employees)
    - Applies to certain employees engaged as at 1 March 2020

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  - 2 Amount of the payment** 
    - \$1,500 (pre-tax) per employee per fortnight up to 6 months
    - \$1,500 is gross payment, irrespective of salary
    - Excess to be paid to employee

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  - 3 Administrative issues** 
    - Payments from 1 May 2020 (in arrears)
    - Consider on-costs (payroll tax, super, WorkCover, leave)
    - Employers must register interest on ATO website
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# Stimulus package measures


## ATO support for affected entities



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**Tax returns**  Tax return extensions for 2019 tax returns that were due **31 March 2020**


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**Deferrals**  Up to 6 months for amounts due through the BAS, income tax assessments, fringe benefits tax assessments and excise


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**GST reporting**  Quarterly payers can opt into monthly GST reporting for quicker refunds

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**PAYGI**  Ability to reduce PAYGI for the **March 2020 quarter** and claim a refund for instalments made in September / December 2019 in certain cases

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**Remission**  Remitting interest and penalties, incurred on or after **23 January 2020**

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**Plans**  Low / no interest payment plans for other outstanding liabilities

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# Stimulus package measures

## Cash flow boost for employers



**First payment  
of between  
\$10,000 – \$50,000**

Based on PAYGW on BAS March - June



**Second payment  
same amount  
as first**

Either 2 or 4 equal payments  
(June – September)

### Key items

- Employers (including NFPs) with **aggregated turnover of up to \$50m**
- ABN required on or before 12 March 2020 (plus notification requirements)
- Exclusion for schemes
- Applied as credit against PAYG/GST liabilities on activity statement

# Stimulus package measures

## Instant asset write-off



### Overview

- 1 ► Businesses with **aggregated annual turnover < \$500 million**
- 2 ► Eligible assets **costing less than \$150,000** (up from \$30,000)
- 3 ► First used or installed for use b/w **12 March 2020 – 30 June 2020**
- 4 ► Date of acquisition (2 April 2019 for MSB or 12 May 2015 for SBE)
- 5 ► SBEs must have elected to use simplified depreciation rules
- 6 ► Interaction with substituted accounting periods

**Only taxable use portion is deductible**





# Instant asset write-off

## Asset cost thresholds

First used or installed ready for use for a tax purpose by	Small business entity (SBE) <sup>^</sup> < \$10m aggregated turnover	Medium sized business (MSB) < \$50m aggregated turnover	Medium sized business (MSB) < \$500m aggregated turnover
29 Jan 2019 – 10 Apr 2019	\$25,000	Not available	Not available
02 Apr 2019 – 12 Mar 2020	\$30,000	\$30,000*	Not available
12 Mar 2020 – 30 Jun 2020	\$150,000	\$150,000*	\$150,000*
01 Jul 2020 –	\$1,000	Not available	Not available

\*only available if asset is acquired between 7.30pm 2 April 2019 and 30 June 2020

<sup>^</sup>available if asset acquired between 12 May 2015 and 30 June 2020

# Stimulus package measures

## 50% Business investment incentive



### Overview

- 1 ► Businesses with aggregated annual turnover < \$500 million
- 2 ► First used or installed for use b/w 12 March 2020 – **30 June 2021**
- 3 ► No cap on the cost of the asset
- 4 ► New assets only (used or located in Australia)
- 5 ► Acquisition after 12 March 2020 (integrity rule applies)
- 6 ► SBEs consider simplified depreciation (pooling)

**Accelerated depreciation (50% total cost in first year in addition to normal depreciation on the remainder)**



# *State taxes concessions*





# State taxes relief and concessions

## Summary

### Types being provided in Victoria

#### Payroll tax concessions

- Waiver or refund of payroll tax for 2019-20 financial year for employers with annual taxable Victorian wages of up to \$3 million (per employer basis, not on grouped basis).
- Those same employers will also be able to defer any payroll tax for the first 3 months of the 2020-21 financial year until January 2021.

#### Land tax concessions

- Deferral of 2020 land tax payment until March 2021 for landowners with at least one non-residential property and total taxable Victorian landholdings below \$1 million.

#### Other relief

- Potential opportunities for deferrals and payment plan arrangements on application. Contact us to discuss these options if required.
- Tax relief measures for those affected by the recent bushfires – see our [bulletin](#).



Each State and Territory has provided different concessions. Refer to our COVID-19 state and territory tax relief measures table on our [website](#) and contact us for more details and assistance.



# *Insolvency related announcements*



# *Insolvency Protection Announcements*

*Effective 24 March 2020*



- Temporary relief for directors from personal liability for insolvent trading.
  - For 6 months from 25 March 2020.
- Temporary higher debt thresholds to force liquidation or bankruptcy.
  - Up from \$2,000 to \$20,000 for companies.
  - Up from \$5,000 to \$20,000 for individuals.
- Increased time to respond to demands.
  - now 6 months for both statutory demands (companies) and bankruptcy notices (individuals).

# *Insolvency Protection Announcements*

*Effective 24 March 2020*



- ATO recovery action:
  - Softer approach.
  - Previous post GFC experience in 2008.
  - Directors Penalty Notices (DPN's) still apply, and from 1 April 2020 now include GST
  - Still bear in mind the 3 month lock down provisions.



# *Superannuation*







# *Superannuation changes*

- Access to superannuation for the financially distressed.
- 50% reduction in pension minimums:
  - Account based pensions.
  - Market linked pensions.

## Your presenters

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**Thank you**