

## UPDATE 2

**22<sup>nd</sup> March 2020**

**Over the last couple of weeks, the impacts of Coronavirus (COVID-19) have dramatically intensified, and individuals, households, and businesses have all been significantly impacted. A range of measures have now been announced by the Federal and State Governments, and the banks, to assist all Australians.**

Below is a summary of what we believe are the more important and relevant areas of Government assistance, and in this regard it's important that you and your family, your employees, your customers and suppliers, your legal advisors, your banks and finance brokers, your other business advisors, the Australian Taxation Office (ATO), and your accountant all work together.

### Supporting Individuals and Households

If you are an individual or household and have experienced financial hardship as a result of the economic downturn from Coronavirus, there are several different options that could be available to you.

The details of these are set out below, and it's important that you contact Centrelink, your home loan lender, your superannuation fund, and your accountant as soon as possible to access this assistance.

#### **JobKeeper payment for employees**

- Businesses who have been impacted by Coronavirus will be able to access a subsidy from the Government to continue paying their employees. It has been designed so that more employees can retain their job and continue to earn an income.
- Affected employees can claim a subsidy of \$1,500 per fortnight.
- Businesses will need to apply and are legally required to pass the subsidy onto the affected employee.

#### **Centrelink benefits**

- Expanding access to Centrelink payments for those employees who are stood down or lose their employment, sole traders, self-employed, casual workers, and contract workers who meet the income tests as a result of the economic downturn due to Coronavirus.
- Increasing the above payments by paying a Coronavirus Supplement of \$550 per fortnight (in addition to the other Centrelink payments that are accessed).

- The Government is providing two \$750 payments to social security, veteran and other income support recipients and eligible concession card holders. The first payment will be made from 31 March, and the second from 13 July.

### **Deferral of existing home loan repayments for between three and six months**

- Australian banks will defer home loan payments for homeowners affected by Coronavirus for between three and six months.
- However, this won't be a home loan holiday, as interest will continue to be capitalised on these loans.
- Homeowners will need to contact their bank to apply.

### **Accessing your superannuation**

- If eligible, you can access \$10,000 from your superannuation before 30 June 2020 (starting early April), and a further \$10,000 after 1 July 2020.  
Further details of the above assistance for individuals and households is available here: <https://treasury.gov.au/coronavirus/households>

## **Support for Business**

If you are in business, there is a range of assistance available to you. This includes support for those businesses that are employers, loan payment deferrals for existing small business loans and home loans, and quick and efficient access to new business loans.

To maximise the cashflow boost for PAYG employers, it's important that all employers contact their accountant before completion of their March 2020 BAS.

For those businesses already experiencing cashflow difficulties or that are expecting to experience cashflow difficulties in the immediate future, it's important that you act **now**.

### **JobKeeper payment for employers**

- Businesses who have been impacted by Coronavirus will be able to access a subsidy from the Government to continue paying their employees. It has been designed so that more employees can retain their job and continue to earn an income.
- Affected employees can claim a subsidy of \$1,500 per fortnight.
- Businesses will need to apply and are legally required to pass the subsidy onto the affected employee.
- Sole traders, contractors and partners in a partnership will be able to access the subsidy.

### **Cashflow boost for PAYGW Employers**

- For those businesses and not for profit (NFP) organisations that employ one or more people, the government is providing a cashflow boost of up to \$100,000, with a minimum amount of \$20,000 for each employer.
- The cashflow boost will be split in two, with half (between \$10,000 and \$50,000) available in the March to June 2020 BAS/IAS, and the other half in the June to September 2020 BAS/IAS.
- The timing and access to the cashflow boost is complicated, and each employer will be different, but the first minimum cashflow boost of \$10,000 will be available in the March BAS (which can be lodged as early as the end of next week).
- The ATO will automatically calculate your benefit on lodgement of the relevant BAS, and as outlined above its important you contact us before you lodge any of your BAS, and where possible try and prepare your March BAS as soon as possible.

### **ATO tax payment deferrals**

- The ATO are allowing businesses to defer the payment of BAS/IAS, income tax, and fringe benefit tax (FBT) payments for up to four months.
- However, it's important that businesses still meet their lodgement requirements. Once you have lodged your BAS/IAS, tax return, and/or FBT return please call your accountant so they can assist you in liaising with the ATO in relation to an appropriate repayment plan.
- Superannuation contributions for employees are an exception to the above, so you need to ensure you meet your employee superannuation contributions on 28 April, 28 July, and in future quarters.

### **Quick and efficient access to credit**

- Through the Coronavirus SME Guarantee Scheme, the Government is working with banks and lenders to enhance their willingness to provide additional credit to businesses.
- The terms of this credit include:
  - Maximum loans of \$250,000 per borrower
  - Loan terms of three years, with no repayments for the initial six months
  - The loans will be unsecured (borrowers will not have to provide an asset as security)
  - Facilities will only have to be drawn down if needed, so that interest is only paid on the amount drawn down
  - The loans will be available from early April

### **Deferral of loan repayments for six months for existing small business loans**

- Australian banks will defer loan payments for small businesses affected by Coronavirus for a period of six months.
- However, this won't be a business loan holiday, as interest will continue to be capitalised on these loans.
- Small businesses need to contact their bank to apply.

### **Deferral of existing home loan repayments for between three and six months**

- Australian banks will defer home loan payments for homeowners affected by Coronavirus for between three and six months.

- However, this won't be a home loan holiday, as interest will continue to be capitalised on these loans.
- Homeowners will need to contact their bank to apply.

### **Accessing your superannuation**

- If eligible, you can access \$10,000 from your superannuation before 30 June 2020 (starting early April), and a further \$10,000 after 1 July 2020.

### **Payroll tax and land tax relief**

- All State Governments have announced various forms of payroll tax relief for eligible employers, and it's important that you review the details for each State in which you pay payroll tax.
- In regard to NSW, for employers with an annual payroll under \$10M, no payroll tax is payable for the months of March, April, and May.
- For NSW, the above will result in a 25% reduction for the 2020 financial year. However, your annual payroll tax reconciliation will still be due for lodgement in July 2020, including the final monthly payment for June 2020 which includes the payment of any annual reconciliation adjustment (taking into account the benefit of the above 25% reduction).
- As to land tax, NSW Revenue is negotiating payment arrangements and supporting freehold owners. In our experience we are seeing a deferral of any payment for three months with a payment arrangement for six months which ensures that the liability is paid in full prior to next year's assessment being issued.

### **Supporting employers of apprentices and trainees**

- This assistance is only available to employers with less than 20 full-time employees.
- Eligible employers can apply for a wage subsidy of 50% of apprentices' and trainees' wages.
- This will cover the March, June, and September 2020 quarters, with a maximum of \$7,000 per eligible employee paid each quarter.

Further details on the above assistance is available here:

- <https://treasury.gov.au/coronavirus/businesses>
- <https://treasury.gov.au/coronavirus/business-investment>
- <https://www.ausbanking.org.au/banks-small-business-relief-package/>
- <https://www.revenue.nsw.gov.au/taxes-duties-levies-royalties/payroll-tax>

It is expected that there will be further stimulus measures over the coming days, weeks, and months, so we will continue to keep you updated in this regard.

Please pass the above information onto anyone you think may benefit from it such as family, friends, employees, customers and suppliers.

