



Australian COVID-19 economic stimulus tax measures

Between 12 and 30 March 2020, the Australian Government released three tranches of economic measures in response to the coronavirus (COVID-19). This table summarises the key tax and business measures, with applicable start dates and practical action that is required for eligible parties.

Measure	Date of effect	Action
Employers with a reduction in revenue		
<p>Jobkeeper payments</p> <p>Eligible employers with turnovers of under \$1 billion that have a reduction of revenue of 30%, or have turnovers of over \$1 billion with a reduction of revenue of 50% will receive a \$1,500 per fortnight 'job keeper payment' before tax for each employee. The 30% or 50% revenue reduction is compared to the equivalent period last year (minimum of one month). Start-up companies that have been operating for less than 12 months and have no revenue figures for the last financial year, should note that Treasury has indicated that there will be "discretion to set out alternative tests to establish eligibility in specific circumstances".</p>	<p>The fortnightly \$1,500 payment per employee will start to be paid from 1 May 2020 and will be backdated to 30 March 2020. If employees have been stood down by their employer since 1 March 2020, they are still eligible for these payments.</p>	<p>The payments will be delivered through the ATO to the employers.</p> <p>The employees must have been employed by the employer as at 1 March 2020 and either remain in that employment or have been stood down since that date.</p> <p>Eligible employers must pay the eligible employees at least the \$1,500 payment per fortnight even if their regular wage per fortnight is less than \$1,500. Eligible businesses can apply for the payment online and are able to register their interest via ato.gov.au from 30 March 2020.</p>
Employers with aggregated annual turnover under \$50 million		
<p>Cash flow boost payments</p> <p>'Boosting Cash Flow for Employers' payments of up to \$100,000 (with a minimum total payment of \$20,000) will be provided to eligible SMEs and NFPs that employ workers.</p> <p>The payments will be made in two tranches, the initial cash flow boost from April to July 2020 and the additional cash flow boost from July to October 2020, with a maximum of \$50,000 and minimum of \$10,000 paid in each tranche.</p> <p>The cash flow boost is generally based on the amount of PAYG withholding during the relevant periods.</p>	<p>The payment will be provided on the following dates or when business activity statements are lodged if a later date:</p> <p>Quarterly lodgers -</p> <ul style="list-style-type: none"> ● 28 April 2020 (first initial boost payment) ● 28 July 2020 (two payments: final initial and first additional) ● 28 October 2020 (final additional payment) <p>Monthly lodgers -</p> <ul style="list-style-type: none"> ● 21 April 2020, ● 21 May 2020 ● 21 June 2020, ● 21 July (two payments, last initial and first additional) ● 21 August 2020 ● 21 September 2020 ● 21 October 2020. 	<p>The ATO will apply the cash flow boosts automatically as per the column on the left.</p> <p>The minimum total credit per tranche will be \$10,000, even if the amount required to be withheld is zero.</p> <p>Quarterly lodgers will receive their initial cash flow boosts in two payments based on the total amounts withheld for each of the March and June 2020 quarterly activity statement (up to \$50,000). The additional cash flow boost for quarterly lodgers will be the amount of the total initial cash flow boost and will be paid in two equal payments in relation to their June and September 2020 quarterly activity statements.</p> <p>Monthly lodgers' first payment of the initial cash flow boost will be calculated at three times the monthly PAYG Withholding in the March 2020 monthly activity statement up to \$50,000 (this is to align with quarterly lodgers payments - any balance below \$50,000 will be paid over the rest of the monthly activity statements up to June 2020).</p> <p>The additional cash flow boost for monthly lodgers will be paid at the rate of 25% of their total initial cash flow boost amounts for each monthly activity statement from June to September 2020.</p> <p>The cash flow boost payments are tax-free. Employers should ensure the gross PAYG withholding liability is expensed in their accounts to ensure the tax-free status is recognised in their tax returns.</p>

Employers with apprentices and trainees		
<p>Apprentice wage subsidies</p> <p>A wage subsidy of 50% for up to 9 months will be made available to employers with existing apprentices and trainees.</p>	<p>Subsidies will be backdated to 1 January 2020 and be made available until 30 September 2020.</p>	<p>Applications will open in early April 2020 through the Australian Apprenticeship Support Network provider, which will assess eligibility.</p>
Businesses with aggregated annual turnover under \$500 million		
<p>Instant asset write-off threshold increase</p> <p>The instant asset write-off threshold (IAWT) is increased to \$150,000 per asset for businesses with aggregated annual turnover of less than \$500 million (up from \$30,000 per asset with businesses under a \$50 million threshold).</p>	<p>From 12 March 2020 until 30 June 2020.</p>	<p>Businesses eligible for the incentive should consider timing for purchases of eligible assets to ensure they are within relevant deadlines. The IAWT only applies to new or second-hand assets first used or installed ready for use for a taxable purpose after 12 March 2020 and before 1 July 2020.</p>
<p>Accelerated depreciation</p> <p>A deduction of 50% of the cost of a new depreciating asset is available for businesses with aggregated annual turnover of less than \$500 million. Existing depreciation rules will continue to apply to the remaining balance of the asset's cost over its effective life.</p>	<p>Immediately, and up to 30 June 2021.</p>	<p>Assets will be eligible if acquired after 12 March 2020 and first used or installed ready for use for a taxable purpose by 30 June 2021. The accelerated depreciation deduction will apply in the first year the asset is so first used/installed with the balance of the cost depreciated under the normal rules.</p>
Small to medium enterprises (SMEs) with turnover with aggregated annual turnover under \$50 million		
<p>SME loan scheme</p> <p>The Government has created a scheme that will guarantee 50% of new loans to SMEs for working capital purposes.</p>	<p>Applications available from April 2020 until 30 September 2020</p>	<p>Businesses interested in the COVID-19 SME Guarantee Scheme should contact their financial institution for more information.</p>
Individuals affected by COVID-19		
<p>JobSeeker supplement</p> <p>A JobSeeker supplement of \$550 per fortnight has been made available.</p>	<p>Payments will commence from 27 April 2020.</p>	<p>The Government is encouraging new applicants to claim online or by phone.</p> <p>As an alternative to registering directly with Centrelink, eligible recipients can log onto their myGov account which has a button that says 'intent to claim' which sends personal details directly to Centrelink.</p>
<p>COVID-19 supplement</p> <p>A one-off COVID-19 supplement of \$750 has been made available to eligible income support recipients.</p>	<p>The first payment is available from 12 March 2020 to 13 April 2020. The second payment is available from 10 July 2020.</p>	
<p>Partner income threshold increase</p> <p>The partner income threshold has been increased to \$80,000 (from \$48,000) to make it easier for couples to get the JobSeeker payment.</p>	<p>The partner income threshold has been increased as of 30 March 2020.</p>	
Superannuation		
<p>Early release of superannuation</p> <p>The temporary early release of superannuation has been made available.</p>	<p>\$10,000 in superannuation is accessible from 1 July 2020 (for FY 2019-20) and a further \$10,000 from 1 July 2020 (for FY 2020-21).</p>	<p>Applications are to be made directly via myGov from mid-April 2020.</p>

ATO administrative relief		
<p>Income tax deferral</p> <p>The ATO may allow deferral by up to six months for the payment of tax amounts including amounts due through the BAS (e.g. PAYG instalments and PAYG withholding), income tax assessments, FBT assessments and excise etc. by affected businesses.</p>	<p>The deferral may be up to six months.</p>	<p>Businesses impacted by COVID-19 must contact the ATO on 1800 806 218 to explain how COVID-10 has affected their business, income, cash flow etc. and discuss relief options and organise an arrangement that suits them and the ATO.</p> <p>Additional temporary shopfronts and face-to-face options are also currently under consideration.</p> <p>Note: Employers will still need to meet their ongoing super guarantee obligations for their employees.</p>
<p>GST deferral</p> <p>The ATO is allowing affected businesses on a quarterly reporting cycle to opt into monthly GST reporting to get quicker access to any GST refunds.</p>	<p>Taxpayers can change from the start of a quarter, but once they choose to change they must keep reporting their GST and fuel tax credits monthly for 12 months.</p>	
<p>PAYG variance</p> <p>The ATO is allowing affected businesses to vary PAYG instalment amounts. 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.</p>	<p>This measure applies for varied instalments for the 2019-20 financial year.</p>	<p>There will not be any penalties if the variation is wrong (provided taxpayers have contacted the ATO first), therefore ensure they should contact the ATO where appropriate.</p>
<p>Remission of penalties</p> <p>The ATO will consider remitting any interest and penalties that have been applied to tax liabilities.</p>	<p>This measure applies to penalties incurred by affected businesses on or after 23 January 2020.</p>	<p>Contact the ATO where appropriate to discuss remission of penalties.</p>
<p>R&D lodgement deferral</p> <p>The Government has deferred the lodgement dates for applications.</p>	<p>R&D Tax Incentive applications for the 1 July 2018 to 30 June 2019 income year will now be accepted until 30 September 2020.</p>	<p>There is no requirement to request an extension of time during this period.</p>
Foreign investors		
<p>Foreign investment tightened</p> <p>Proposed foreign investments into Australia subject to the Foreign Acquisitions and Takeovers Act 1975 will require approval, regardless of value or the type of foreign investor.</p>	<p>The changes take effect from 29 March 2020.</p>	<p>The Foreign Investment Review Board (FIRB) will be working with existing and new applicants to extend timeframes for reviewing applications from 30 days to up to six months.</p>
SMEs with loans of up to \$10 million		
<p>Bank loan deferral for SMEs</p> <p>Businesses with a loan of up to \$10 million will be able to defer repayments for up to six months.</p>	<p>30 March 2020 – the measures are available on an opt-in basis and apply to current customers with existing facilities 90 days prior to applying.</p>	<p>Commercial property landlords must provide an undertaking that for the period of the interest capitalisation, they will not terminate leases or evict current tenants for rent arrears as a result of COVID19 and interest must also be capitalised.</p>
Directors of companies that may become insolvent		
<p>Insolvency relief</p> <p>The Government will temporarily increase the:</p> <ul style="list-style-type: none"> • threshold at which creditors can issue a statutory demand on a company from \$2,000 to \$20,000; • threshold at which creditors can initiate bankruptcy proceedings from \$5,000 to \$20,000; and • time companies have to respond to statutory 	<p>The legislation containing these measures was enacted on 24 March 2020. The temporary relief will operate for a six-month period starting on 25 March 2020 (being the day after Royal Assent was granted).</p>	<p>Parties should enter into negotiations with trade creditors to defer payment of outstanding debts and approach trade creditors to seek discounts for early (on time) payments or extended payment terms.</p>

demands from 21 days to 6 months.		
Director relief Temporary relief will be provided for directors from any personal liability for trading while insolvent.		Directors should obtain advice on their obligations and risk assessments where appropriate.
