



experience

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ECONOMIC RESPONSE TO CORONAVIRUS (EMPLOYERS)

Yesterday, 22 March 2020, the Government announced a second set of economic responses which provide timely support to affected workers, businesses and the broader community.

AUSTRALIAN GOVERNMENT – ENHANCING BOOSTING CASH FLOW FOR EMPLOYERS

WHAT IS ON OFFER?

- Tax free payments of between \$10,000 and \$50,000 for temporary cash flow support to employers.
- An additional payment equal to the first payment will be introduced in the July - September 2020 period.

WHO IS ELIGIBLE?

- Small to medium business with aggregated turnover of under \$50 million and Not-for-profit's who employ workers.
- To qualify for the additional payment, the entity must continue to be active.

WHEN WILL THIS START?

- For lodgers of **quarterly** activity statements this will apply to the **March 2020** and **June 2020** quarter statements. The additional payment will apply to the **June 2020** and **September 2020** quarter statements.
- For lodgers of **monthly** activity statements this will apply for **March, April, May** and **June 2020** month statements. The additional payment will apply to the **June 2020, July 2020, August 2020** and **September 2020** monthly statements.

HOW IT WORKS?

- After lodging your activity statements, the ATO will credit your activity statement account by 100% of the amount withheld from wages, to a maximum rebate of \$50,000.
- Even if you do not withhold any tax for the period, \$10,000 will be credited to your activity statement account.
- Where this places the entity in a refund position, the ATO will deliver the refund within 14 days.
- The cap of \$50,000 is not per activity statement but for the entire period of the program.
- If your business remains active, a further payment will be made matching the first which will be spread equally over lodgements from **June 2020** to **September 2020**.

Examples:

Sarah reports withholding of \$32,500 for her employees on her March Quarterly Business Activity Statement and a further \$32,500 on her June Quarterly Business Activity Statement.

Under the Government changes, Sarah will receive:

- *A credit of \$32,500 for the March Business Activity Statement.*
- *A credit of \$17,500 for the June Business Activity Statement before reaching the \$50,000 cap.*
- *An additional payment of \$25,000 for the June Business Activity Statement, equal to 50 per cent of the total Boosting Cash Flow for Employers payment.*
- *An additional payment of \$25,000 for the September Business Activity Statement, equal to 50 per cent of the total Boosting Cash Flow for Employers payment.*

Sean reports withholding of \$16,000 for his employees on his March Quarterly Business Activity Statement and a further \$10,000 on his June Quarterly Business Activity Statement.

Under the Government changes, Sean will receive:

- *A credit of \$16,000 for the March Business Activity Statement.*
- *A credit of \$10,000 for the June Business Activity Statement.*
- *An additional payment of \$13,000 for the June Business Activity Statement, equal to 50 per cent of the total Boosting Cash Flow for Employers payment.*
- *An additional payment of \$13,000 for the September Business Activity Statement, equal to 50 per cent of the total Boosting Cash Flow for Employers payment.*

Tim employs two employees but is not required to withhold tax from their wage as they are under the tax-free threshold.

Under the Government changes, Tim will receive:

- *A credit of \$10,000 for the March Business Activity Statement.*
- *An additional payment of \$5,000 for the June Business Activity Statement, equal to 50 per cent of the total Boosting Cash Flow for Employers payment.*
- *An additional payment of \$5,000 for the September Business Activity Statement, equal to 50 per cent of the total Boosting Cash Flow for Employers payment.*

Please call our office on **4957 2985** should you have any questions regarding this cash flow boost.

SUPPORTING THE FLOW OF CREDIT

The Government, the Reserve Bank of Australia and the Australian Prudential Regulatory Authority have taken coordinated action to ensure the flow of credit in the Australian Economy. Measure include:

- Support for immediate cash flow needs for Small and medium sized enterprises (SME's).
- Quick and efficient access to credit for small business
- RBA – Supporting the flow and reducing the cost of credit
- APRA – Ensuring banks are well placed to lend.

For more information please visit
<https://treasury.gov.au/coronavirus/businessinvestment>

TEMPORARILY REDUCING SUPERANNUATION MINIMUM DRAWDOWN RATES

The Government is temporarily reducing superannuation minimum drawdown requirements for account-based pensions and similar products by 50% for 2019-20 and 2020-21. This measure will benefit retirees holding these products by reducing the need to sell investment assets to fund minimum drawdown requirements.

For more information visit <https://treasury.gov.au/coronavirus/households>

REDUCING SOCIAL SECURITY DEEMING RATES

As of 1 May 2020, the upper deeming rate will be 2.25 % and the lower deeming rate will be 0.25%. The reductions reflect the low interest rate environment and its impact on the income from savings. The change will affect the amount of Age Pension received by income support recipients.

For more information visit <https://treasury.gov.au/coronavirus/households>

SUPERANNUATION

TEMPORARY EARLY ACCESS TO SUPERANNUATION

WHAT IS ON OFFER?

- Eligible individuals can access up to \$20,000 of their superannuation.

WHEN WILL THIS START?

- The first \$10,000 can be accessed before 1 July 2020 and can be applied for from- mid April 2020.
- A further \$10,000 can be accessed from 1 July 2020 for approximately three months (timing will depend on passage of relevant legislation).

WHO IS ELIGIBLE?

- 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; **or**
- on or after 1 January 2020:
- you were made redundant; **or**
- your working hours were reduced by 20 % or more; **or**
- if you are a sole trader — your business was suspended or there was a reduction in your turnover of 20 % or more

HOW IT WORKS?

- If you meet the requirements you need to apply directly to the ATO through your **MyGov**.
- The ATO will process your application and if successful will advise your super fund to release your superannuation payment.
- Ensure your superannuation fund has correct bank account details and proof of identity documents.

For more information visit
<https://treasury.gov.au/coronavirus/households>

Keep up to date by following us on Facebook for the latest on all government stimulus related news.



Please Note – Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.

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