



mahergroup

The integrated accounting & financial solution

The COVID-19 Stimulus & Support Measures

What you can access and how



Inside

How to contact us	6
Snapshot	7
For Business.....	11
\$1,500 JobKeeper subsidy to keep staff employed	11
Eligibility.....	11
Calculating a reduction in turnover	12
How the support is calculated	13
How the support is provided	13
Example.....	15
Interaction with the Fair Work Act	15
Leave and other entitlements.....	16
Example.....	17
What happens if I get it wrong?.....	17
Tax-free payments up to \$100,000 for employers	18
Eligibility.....	18
How the support is calculated	18
How the support is provided	19
Example - Sarah’s Construction Business	20
Increase and extension of the instant asset write-off	21
Eligibility.....	21
How is the support calculated?	21
How is the support provided?	22
Example.....	22
Low general pool balances for small business entities.....	23
Accelerated depreciation deductions	23
Eligibility.....	23
How is the support calculated?	24
How is the support provided?	24
Example.....	24
Wage subsidy of up to 50% of an apprentice or trainee wage.....	25
Eligibility.....	25
How is the support calculated?	25
How is the support provided?	26
Example.....	26
ATO assistance and support.....	27
Access to financial support	28
Underwriting small business loans	28
Support from your bank.....	28
Support from State & Territory Governments.....	29
Australian Capital Territory	29
Payroll tax waivers and deferrals.....	29

Food and liquor licensing fee waiver	29
Electricity rebates for small business.....	29
Rideshare and taxi plate fees.....	29
Commercial general rates.....	29
New South Wales	30
Payroll Tax refunds and deferrals	30
\$10,000 grants to small business.....	30
Flexible long service leave arrangements	30
Deferral of gaming tax for 6 months.....	31
Parking space levy deferral for six months	31
Lotteries and Keno	31
Government owned property – deferral of commercial rents.....	31
Northern Territory.....	31
Payroll tax waivers and deferrals for impacted business	31
Power, water and sewage bills reduced by 50%.....	31
Conditions for access to support by landlords.....	32
Business survival fund.....	32
Queensland.....	33
Payroll Tax.....	33
Jobs support loans of up to \$250k with an initial interest free period.....	33
Agribusiness market diversification and resilience grants.....	33
Projects grants up to \$50k	34
Equipment purchases grants up to \$7.5k	34
Electricity bill rebate	34
Rent relief for Government premises	34
South Australia.....	35
Payroll tax waiver and relief	35
Land tax relief	35
Liquor license fees waived for forced close downs	35
Tasmania	35
Payroll tax waivers and rebates.....	35
Grants and loans	35
\$2,500 emergency cash payments	35
Business Support Loan Scheme	36
Waivers and capping of Government licensing, fees and charges	36
Liquor licensing reductions and waivers.....	36
Taxi license fees	36
Energy and water.....	36
Fisheries license fees waived	36
Land tax waived for impacted businesses	36
Vehicle registration.....	37
Government fees and charges.....	37
Victoria	37
Payroll tax waivers and deferrals.....	37
Land tax deferrals	37

Grants of up to \$10k	37
2020 Liquor licence renewals waived	37
Western Australia.....	38
Payroll tax waiver.....	38
Electricity bill credits for small business and charities.....	38
License fees for SMEs in affected industries.....	38
Liquor licensing renewal fees.....	38
On-demand transport industry relief.....	38
Regional taxi assistance payments	38
\$2,500 cash payment to authorised on-demand booking services.....	39
Government owned property rent relief.....	39
For individuals	40
Expanded access, reduced means testing and waiting times	40
How to access social services payments	41
CRN number.....	41
\$550 Coronavirus supplement.....	41
Eligibility.....	41
How is the support calculated?	42
How is the support provided?	42
Example.....	42
Tax-free \$750 payments to social welfare recipients.....	43
Eligibility.....	43
How is the support calculated?	43
How is the support provided?	44
Reduction in deeming rates	44
How is the support calculated?	44
How is the support calculated?	44
Example.....	44
Access to free childcare	45
Relief for financially distressed individuals and businesses	46
Company solvency safety net.....	46
Eligibility.....	46
How is the support provided?	46
Temporary relief for directors for trading while insolvent	47
Eligibility.....	47
How is the support provided?	47
Bankruptcy safety net.....	48
Eligibility.....	48
How is the support provided?	48
Moratorium on evictions and rent relief	49
Code of conduct for commercial tenancies	49
Bank support for landlords who do not evict commercial tenants	49
SMSFs with commercial property that provide rent relief to a related party	49
Tax deductions for rental property owners.....	50

Superannuation	51
Temporary early release of superannuation	51
Eligibility.....	51
Coronavirus measures	51
General early release measures.....	51
How is the support calculated?	52
Coronavirus measures	52
General early release measures.....	52
How is the support provided?	52
Example.....	53
Temporary reduction of pension minimum drawdown rates.....	53
Eligibility.....	53
How is the support calculated?	53
How is the support provided?	54
Example.....	54

Disclaimer

The COVID-19 Stimulus & Support Measures Guide contained herein is provided on the understanding that it neither represents nor is intended to be advice or that the authors or distributor is engaged in rendering legal or professional advice. Whilst every care has been taken in its preparation no person should act specifically on the basis of the material contained herein. If assistance is required, professional advice should be obtained.

The material contained in the COVID-19 Stimulus & Support Measures Guide should be used as a guide in conjunction with professional expertise and judgement. All responsibility for applications of the COVID-19 Stimulus & Support Measures Guide and for the direct or indirect consequences of decisions based on the COVID-19 Stimulus & Support Measures Guide rests with the user.

Knowledge Shop Pty Ltd, Jason Maher & Associates Pty Ltd, directors and authors or any other person involved in the preparation and distribution of this guide, expressly disclaim all and any contractual, tortious or other form of liability to any person in respect of the COVID-19 Stimulus & Support Measures Guide and any consequences arising from its use by any person in reliance upon the whole or any part of the contents of this guide.

Copyright © Knowledge Shop Pty Ltd, Jason Maher & Associates Pty Ltd
9 April 2020

Hang in there!

We've designed this guide as a quick reference to the COVID-19 related tax and financial support that might be available to you. The measures will apply differently, and it is important that you understand how your specific circumstances are impacted.

The stimulus and support packages help, but there are gaps and they will not return most adversely impacted businesses or people back to their pre-pandemic position. It will all take time.

It's important to understand the timing of each of the measures as many are not immediate. You also need to understand who is eligible and how. We are here to help you as much as we can to ensure that you have the right information and can make informed decisions.

There are a few peculiarities with the support measures and incentives, and they will not apply equally across the community. It can be confusing and frustrating, but we will help you work through it and ensure that you are able to access the support that is available to you.

Please contact your Maher Group client manager or accountant directly for any questions you have about the stimulus measures available, or our office:

 **(02) 8522 4500**  info@mahergroup.com.au

 <https://www.facebook.com/maherpartners/>

Snapshot

From	Stimulus	Eligibility	Trigger for support
Business			
30 March for up to six months	<ul style="list-style-type: none"> \$1,500 JobKeeper payment. A \$1,500 (before tax) per fortnight per employee wage subsidy paid through employers to the employee and administered by the ATO. 	<ul style="list-style-type: none"> Employer - $\geq 30\%$ downturn ($>50\%$ for businesses with turnover of \$1bn or more) Employee – employed as at 1 March (other conditions apply) Self-employed individuals can also access this 	<ul style="list-style-type: none"> Employer applies to ATO
From 28 April 2020	<ul style="list-style-type: none"> Tax-free cash flow support between \$20,000 and \$100,000 (paid in two rounds of up to \$50,000) for businesses with an annual aggregated turnover $<$ \$50 million and make certain payments to staff by 30 June 2020. 	<ul style="list-style-type: none"> Annual aggregated turnover $<$ \$50m Pay staff between 1 January 2020 and 30 June 2020 (includes not-for-profit businesses) Business must have been established by 12 March 2020 	<ul style="list-style-type: none"> Automatic on lodgement of March Activity Statement and later Activity Statements
12 March 2020 – 30 June 2020	<ul style="list-style-type: none"> Instant asset write-off increased to \$150,000 and extended to businesses with an annual turnover $<$ \$500 million 	<ul style="list-style-type: none"> Annual turnover $<$ \$500m Assets used or installed ready for use between 12 March and 30 June 2020 	<ul style="list-style-type: none"> 2019-20 tax return lodgement
12 March 2020 – 30 June 2021	<ul style="list-style-type: none"> Accelerated depreciation deductions - ability to deduct 50% of the cost of the asset plus normal depreciation deductions on the remaining cost amount in the year of purchase. 	<ul style="list-style-type: none"> Annual turnover $<$ \$500m New assets acquired from 12 March and used or installed ready for use by 30 June 2021 	<ul style="list-style-type: none"> 2019-20 and 2020-21 tax return lodgement
1 Jan 2020 – 30 Sept 2020	<ul style="list-style-type: none"> Wage subsidy of 50% of an apprentice's or trainee's wage for up to 9 months from 1 January 2020 to 30 September 	<ul style="list-style-type: none"> Businesses with $<$ 20 employees 	<ul style="list-style-type: none"> Applications from 2 April through Australian

From	Stimulus	Eligibility	Trigger for support
	2020. Accessible to businesses with less than 20 employees. Employers receive up to \$21,000 per apprentice (\$7,000 per quarter).	<ul style="list-style-type: none"> Employee must have been paid by business from 1 March 2020 	Apprenticeship Support Network providers
25 March – 24 September 2020	<ul style="list-style-type: none"> Solvency safety net – temporary 6 month increase to the threshold at which creditors can issue a statutory demand on a company from \$2,000 to \$20,000, and an increase in the time companies have to respond from 21 days to 6 months. 	<ul style="list-style-type: none"> Companies and directors Debts incurred in the ordinary course of running the business 	
25 March – 24 September 2020	<ul style="list-style-type: none"> Safe harbour from director's duty to prevent trading while insolvent – a safe harbour for directors temporarily trading while insolvent as a result of the pandemic 	<ul style="list-style-type: none"> Company directors Debts incurred in the ordinary course of running the business 	
	<ul style="list-style-type: none"> Ability to reduce PAYG instalment amounts to zero for March. Ability to claim a refund of PAYG for some quarters. 	<ul style="list-style-type: none"> Financial distress 	<ul style="list-style-type: none"> Contact the ATO
	<ul style="list-style-type: none"> Up to 6 month deferral for payment of activity statements, income tax, FBT, excise duty 	<ul style="list-style-type: none"> Financial distress 	<ul style="list-style-type: none"> Contact the ATO
	<ul style="list-style-type: none"> Ability to move from quarterly to monthly reporting for those who need access to GST credits quickly 	<ul style="list-style-type: none"> Quarterly GST reporters 	<ul style="list-style-type: none"> Contact the ATO
	<ul style="list-style-type: none"> Bank support for landlords who do not evict their commercial tenants 	<ul style="list-style-type: none"> Landlords of commercial property with loans <\$10m 	<ul style="list-style-type: none"> Contact bank

Individuals			
25 March – 24 September 2020	<ul style="list-style-type: none"> • Expanded access, reduced asset testing, and waiting times for social services payments Access to social services payments has been expanded to sole traders and contractors, and those who have been stood down. Waiting times to access support has also been reduced. Asset testing has also been suspended. Income tests still apply. 	<ul style="list-style-type: none"> • Sole traders, the self-employed, casuals or contractors whose income has reduced • Permanent employees stood down (and not receiving any payments from employers or insurers) • Carers of people affected by Coronavirus • Subject to income testing 	<ul style="list-style-type: none"> • Unemployed, stood down or reduced income
27 April 2020 for 6 months	<ul style="list-style-type: none"> • \$550 Coronavirus supplement - paid fortnightly to certain social services recipients for 6 months 	<ul style="list-style-type: none"> • Individuals receiving eligible social services payments 	<ul style="list-style-type: none"> • Automatic
12 March 2020 – 13 April 2020, and 25 March – 24 Sept 2020	<ul style="list-style-type: none"> • Tax-free \$750 income support payments paid in March/ April and again in July to certain social services recipients 	<ul style="list-style-type: none"> • Individuals receiving certain social services payments 	<ul style="list-style-type: none"> • Automatic
25 March – 24 September 2020	<ul style="list-style-type: none"> • Bankruptcy safe harbour. Amount of debt required by a creditor to initiate bankruptcy proceedings increased to \$20,000, and time to respond to bankruptcy notice increased to 6 months. 	<ul style="list-style-type: none"> • Proceedings initiated between 25 March and 24 September 2020 	
1 May 2020	<ul style="list-style-type: none"> • Deeming rates reduced – from 1 May, deeming rates reduced to a lower rate of 0.25% and upper rate of 2.25%. 		

Superannuation			
25 March – 24 September 2020	<ul style="list-style-type: none"> • Early release of up to \$10,000 in superannuation – individuals in financial distress able to access up to \$10,000 of their superannuation in 2019-20, and a further \$10,000 in 2020-21. Withdrawals are tax-free and will not affect Centrelink or Veterans' Affairs payments. 	<ul style="list-style-type: none"> • Unemployed • Eligible certain social service payments • Redundancy, working hours reduced $\geq 20\%$, or for sole traders, reduction in turnover by $\geq 20\%$ 	<ul style="list-style-type: none"> • Applications through myGov from mid-April 2020
2019-20 and 2020-21	<ul style="list-style-type: none"> • Temporary reduction in minimum superannuation draw down rates – superannuation minimum drawdown requirements for account based pensions and similar products reduced by 50% in 2019-20 and 2020-21. 	<ul style="list-style-type: none"> • All account-based and similar pensions 	
1 May 2020	<ul style="list-style-type: none"> • SMSFs with commercial property able to provide rent relief to tenants 	<ul style="list-style-type: none"> • Trustee assessment 	<ul style="list-style-type: none"> • Pandemic related financial distress of tenant

For Business

\$1,500 JobKeeper subsidy to keep staff employed

Date	<ul style="list-style-type: none">• From 30 March 2020 to 27 September 2020.• For employees employed at and from 1 March 2020• First payments in first week of May 2020
Applies to	Based on comparable periods: <ul style="list-style-type: none">• Employers <\$1 bn that have experienced a downturn of 30% or more• Employers ≥\$1bn that have experienced a downturn of 50% or more• ACNC-registered charities that have experienced a drop in turnover of 15% or more

A subsidy of \$1,500 per fortnight per employee, administered by the ATO, will be paid in arrears to businesses that have experienced a downturn of 30% or more (50% for businesses with turnover of \$1bn or more). A 15% threshold will be used for ACNC-registered charities.

To be a part of the subsidy, employers will need to ensure that their employees receive at least \$1,500 per fortnight (before tax). *See the example below.*

Eligibility

There are two levels of eligibility; for employers and employees.

Eligible employers are those employers (including non-profit entities) with:

- Turnover below \$1bn (if part of a group for income tax purposes, then group turnover below \$1bn) that have experienced a **reduction in turnover of 30% or more** relative to a comparable period 12 months ago (of at least a month); or
- Turnover of \$1bn or more that have experienced a reduction in turnover of 50% or more relative to a comparable period 12 months ago (of at least a month); and
- Are not subject to the Major Bank Levy.

Charities that are registered with the ACNC are subject to slightly different rules which look at whether they have experienced a drop in turnover of at least 15%.

See *Calculating a reduction in turnover* below.

Government entities (including wholly owned corporations) at Federal, State, Territory, and local councils are not eligible. Foreign governments and their agencies are also not eligible. Companies in liquidation or a partnership, trust or sole trader in bankruptcy, do not qualify.

Eligible employees are those who:

- Were employed by the relevant employer at 1 March 2020; and

- Are currently employed by the employer (including those who have been stood down or re-hired); and
- Are full time, part-time, or long-term casuals (a casual employee employed on a regular and systematic basis for 12 months as at 1 March 2020); and
- Were at least 16 years of age at 1 March 2020; and
- Were an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) Visa Holder at 1 March 2020; and
- Were a resident of Australia for tax purposes on 1 March 2020; and
- Are not in receipt of a JobKeeper Payment from another employer.

Employees on parental leave are not able to access the JobKeeper payment if they are receiving Government Paid Parental Leave or Dad and Partner Pay. If they are not receiving these payments, they are eligible for JobKeeper payments if they meet the eligibility criteria. An employee will not be eligible if they are receiving support under a workers compensation scheme.

If you employ apprentices or trainees eligible for the 50% wage subsidy, you can potentially receive this subsidy up to 31 March 2020 and then the JobKeeper payment from 1 April 2020 onwards. Where a small business is eligible for the JobKeeper payment they cannot receive the apprentice and trainee wage subsidy from 1 April 2020.

Sole traders and the self-employed with an ABN will be eligible for the payment if the following conditions are met:

- Their turnover has or will fall by 30% or more;
- They had an ABN on or before 12 March 2020;
- They had some income in the 2018-19 income year or made some supplies between 1 July 2018 and 12 March 2020 and provided a 2019 tax return or certain activity statements to the ATO by 12 March 2020;
- They were actively engaged in the business;
- They are not entitled to another JobKeeper Payment;
- They were aged at least 16 years of age as at 1 March 2020; and
- They were an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) Visa Holder at 1 March 2020.

Where the business is operated as a partnership, company or trust the entity can receive JobKeeper payments in relation to one nominated partner, beneficiary, director or shareholder who works in the business.

Calculating a reduction in turnover

To access the JobKeeper payment, you need to establish that the turnover of your business has reduced by 30% or more (or 50%).

Most businesses will be expected to establish that their turnover has fallen in the relevant month or three month period compared with the same period from the previous year.

Turnover for the JobKeeper payment is assessed in the same way as turnover for GST purposes. This means that most sales that are connected with Australia will be taken into account, although input taxed supplies such as residential rental income, interest income, dividends etc will be ignored.

Where a business was not in operation a year earlier, or where turnover a year earlier was not representative of the usual or average turnover, it is expected that the ATO will have some discretion to consider additional information that the business can provide to establish that it has been adversely affected by the impacts of COVID-19. The ATO will also have discretion to set out alternative tests that would establish eligibility in specific circumstances.

How the support is calculated

The ATO will administer this program and will make the \$1,500 payments based on payroll information (through single touch payroll). The payments will be made monthly in arrears, so it is essential that you ensure your business and your employees continually meet the eligibility criteria. The payment is intended to reimburse the employer for amounts that have already been paid to employees.

JobKeeper employers must, as a minimum, pay the full JobKeeper amount to employees even if the employee is normally paid less than the JobKeeper amount (failing to do so or deliberately misusing the payment may incur penalties of up to \$126,000).

That is, the rules require an employer who is eligible for the JobKeeper scheme to ensure the total amount payable to a particular employee in respect of a fortnight is at least the greater of:

- The amount of the JobKeeper payment for the employee (i.e., \$1,500 per fortnight before tax); or
- The amount payable to the employee for the performance of work during that fortnight.

The business will continue to receive the payments for eligible employees while they are eligible for the payments. While the program runs until 27 September 2020, payments will stop if the employee is no longer employed by the relevant employer.

How the support is provided

To access the JobKeeper subsidy, you should talk to your accountant or adviser to assist you with the registration process and calculations.

If you want to manage the process yourself, you must:

- **Register**
 - Applications are not yet open. However, you should **register your intent** to apply for the JobKeeper subsidy with the ATO ([here](#)). The ATO will provide you with regular updates and advise you when you can lodge your application

- **Assess turnover**
 - Ensure you have an accurate record of your turnover for the 2018-19 income year and for the 2019-20 year to date
 - Ensure you keep an accurate record of turnover from March 2020 onwards
 - Compare your turnover for the month or quarter ended 31 March 2019 with revenue for the month or quarter ended 31 March 2020 to make a high level assessment of whether this measure is likely to be available
 - Measure the % decline in your turnover to see whether it has declined by at least 30%
 - If you are not eligible in March, you may become eligible in another month

- **Identify eligible employees**
 - Nominate the employees eligible for the JobKeeper payments – you will need to provide this information to the ATO and keep that information up to date each month. The ATO will use Single Touch Payroll to prepopulate the information in most cases.
 - Notify all eligible employees that they are receiving a JobKeeper payment. Employees can only be registered with one employer.
 - Pay eligible employees at least \$1,500 per fortnight (before tax). The employee must continue to be paid the greater of:
 - The amount payable for the work that they perform (including any incentives, bonuses, loadings, allowances, overtime or penalty rates, and leave payments owing); or
 - The JobKeeper payment of \$1,500
 - Pay superannuation guarantee on normal salary and wages amounts paid to employees. That is, you do not reduce superannuation guarantee unless the employee was earning less than the JobKeeper payment amount. If the employee normally receives less than \$1,500 per fortnight before tax, the employer can decide whether to pay superannuation guarantee on the additional amount that is paid as a result of the JobKeeper program.

Sole traders and the self-employed can register their interest in applying for the JobKeeper payment with the ATO. These businesses will need to provide an ABN for the business, nominate an individual to receive the payment, provide the individual's TFN and declare their continued eligibility for the payments. Payments will be monthly to the individual's bank account.

Example

Adam owns a real estate business with two employees. The business is still operating at this stage but Adam expects that turnover will decline by more than 30% in the coming months. The employees are:

Employee	Employment type	Salary per fortnight (before tax)
Anne	Full-time	\$3,000
Nick	Part-time	\$1,000

Both Anne and Nick are still working in the business.

Adam registers his interest in the JobKeeper scheme (from 30 March 2020), then applies to the ATO providing details of his eligible employees. Adam also advises Anne and Nick that he has nominated them as eligible employees to receive the payment. Adam will provide information to the ATO on a monthly basis and receive the payment monthly in arrears.

Adam's business is eligible to receive the JobKeeper Payment for each employee.

For Anne, the business will:

- Continue to pay Anne her full-time salary of \$3,000 per fortnight before tax,
- Receive \$1,500 per fortnight from the JobKeeper Payment
- Pay superannuation guarantee on Anne's salary

For Nick, the business will:

- Continue to pay Nick \$1,000 per fortnight before tax salary
- Pay Nick an additional \$500 per fortnight before tax (totalling \$1,500)
- Receive \$1,500 per fortnight from the JobKeeper Payment
- Pay superannuation guarantee on Nick's wage of \$1,000 per fortnight (but can choose to pay SG on the full \$1,500)

JobKeeper payments might also be available in relation to Adam.

Adapted from Treasury fact sheet: *JobKeeper payment — information for employers*

Interaction with the Fair Work Act

Amendments have been made to the Fair Work Act to support the practical operation of the JobKeeper scheme.

In addition to the requirement that at least the full \$1,500 per fortnight is paid to the nominated employee, employers eligible for the scheme are able to request employees to change:

- The days or times when the employee is to perform work;
- Annual leave arrangements, including at half pay (annual leave balances cannot fall below 2 weeks).

The amendments allow employers to redirect resources by giving a direction (*JobKeeper enabling direction*) to:

- Change the hours of work including standing down an employee (where they cannot be usefully employed because of changes to business attributable to the Coronavirus pandemic or government initiatives to slow Coronavirus transmission), through the *JobKeeper enabling stand down direction*;
- Not work on a day or days on which the employee would usually work;
- Work for a lesser period than the period which the employee would ordinarily work on a particular day or days;
- Work a reduced number of hours (compared with the employee's ordinary hours of work), including reducing hours to nil;
- Give staff different types of work to do; or
- Work from different locations.

The employer cannot unreasonably refuse a request by an employee to engage in secondary employment, or undertake additional training or professional development.

The direction must not be unreasonable, the employer must provide three days notice (or a lesser period by agreement), and the direction must be necessary to continue the employment of one or more employees.

Employers cannot reduce the hourly rate of pay paid to an employee.

All directions from employers that change an employee's conditions must be in writing.

The employer will also need to prove that they have satisfied the conditions. For example, an employee who usually works weekends could reasonably be required to work on weekdays in a situation where their employer's business can no longer trade on weekends as a result of the Coronavirus pandemic.

Leave and other entitlements

Where an employer makes a direction to change an employee's conditions, leave, redundancy pay and pay in lieu of notice of termination accrue as if the direction had not been made. That is, if an employer requires an employee to reduce their ordinary hours of work, their leave accrues as if the employee worked their ordinary hours – leave accrues as if nothing has changed.

These amendments to the Fair Work Act only apply to employers within the JobKeeper scheme.

Any disputes will be mediated by the Fair Work Commission.

Example

Rachel works as an administrator for a manufacturing business. The businesses retail operations have moved online as a result of significantly reduced shopfront demand. Turnover has reduced by 30% following the Coronavirus outbreak.

Rachel's employer qualifies for the JobKeeper scheme for Rachel. Her employer reduces her ordinary hours of work from 38 to 32 hours per week, giving her at least 3 days notice in writing (under a stand down direction).

Rachel's contractual base pay rate is \$30 per hour. Her base rate cannot be reduced for her hours of work, regardless of how many hours she is directed to work. Rachel's fortnightly pay has now reduced from \$2,280 (\$30/hr x 76 hours worked in a fortnight) to \$1,920 (\$30/hr x 64 hours worked in a fortnight).

Rachel must be paid for the hours she worked, and as her reduced fortnightly pay is still higher than the value of the fortnightly JobKeeper payment (\$1500), she must be paid that higher amount.

Rachel's employer can apply the value of the JobKeeper payment towards her fortnightly pay.

Adapted from the *Explanatory Memorandum*

What happens if I get it wrong?

If you claim the JobKeeper subsidy and whether you or the employee was not eligible, the Tax Commissioner can claw back any ineligible payments made. In addition, general interest charges apply.

If you have paid employees the \$1,500 amount only to find you or they are not eligible, there is no recourse to claw back these payments to employees.

Tax-free payments up to \$100,000 for employers

Date	<ul style="list-style-type: none">• March 2020 – June 2020• July 2020 – September 2020
Applies to	<ul style="list-style-type: none">• Businesses with aggregated turnover less than \$50m in the previous financial year; or• Not-for-profits, including charities, with aggregated turnover less than \$50m;• And, make payments to staff between 1 January 2020 – 30 June 2020

The cashflow boost is triggered when eligible businesses lodge their Activity Statement – no separate application form needs to be submitted. The boost will generally reduce any liability on your activity statement (meaning you pay less to the ATO). Where the cashflow boost exceeds the liabilities owed to the ATO, you should generally receive a refund of the excess within 14 days.

Eligibility

Cash flow support is available to businesses (including not-for-profits and charities) with:

- Aggregated turnover less than \$50 million in the previous financial year, that
- Employ staff and make payments to them between 1 January 2020 – 30 June 2020.

In order for a business to qualify for this support it must have held an ABN on 12 March 2020. It must also have derived some business income in the 2018-19 income year and lodged the 2019 tax return by 12 March 2020 or made a supply of goods or services connected with Australia at some point during a GST period starting on or after 1 July 2018 and ending before 12 March 2020 and lodged a relevant activity statement by 12 March 2020. The Commissioner has some limited discretion to extend the deadline for lodging a 2019 tax return or activity statement in connection with this measure.

For charities, the rules are more flexible as the Government recognises that new charities might be established in response to the pandemic. For non-profit organisations to qualify for this measure they need to be a not-for-profit body and have aggregated turnover of less than \$50m in the previous financial year or the Commissioner must be reasonably satisfied that turnover for the current year would be less than \$50m.

The legislation includes integrity rules to prevent artificial or contrived arrangements or schemes being used to access the funding.

How the support is calculated

The support will be provided in two tranches.

Under the first tranche the support is calculated based on the amounts actually withheld from payments to employees, directors and certain contractors. If the entity is a quarterly lodger then the support is equal

to 100% of the amounts withheld from payments to staff during the March 2020 and June 2020 quarters. If the entity is a monthly lodger then the support is equal to 300% of the amounts withheld from payments to staff in March 2020 plus 100% of the amounts withheld from payments in April 2020, May 2020 and June 2020.

The first tranche support amounts are subject to a cap of \$50,000. However, a minimum amount of \$10,000 will apply to all eligible entities and this will be provided in the first period they are eligible. This could be relevant to entities that have employees, but the withholding amount is nil or a relatively low amount.

Under the second tranche, entities that were eligible to support amounts in the first tranche will receive the same total amount again even if their circumstances have changed. However, the support payments will be spread out. Quarterly lodgers will receive 50% of the first tranche amount for each of the June 2020 and September 2020 quarters. Monthly lodgers will receive 25% of the first tranche amount for each of the June 2020, July 2020, August 2020 and September 2020 periods.

Here's how the cash flow stimulus looks for quarterly and monthly lodgements.

Quarterly activity statement lodgement		
Tranche 1	March 2020	100% of PAYG withholding up to a maximum of \$50,000
	June 2020	Where the March quarter did not reach the \$50,000 maximum, any remaining amount up to 100% of the PAYG withholding amount
Tranche 2	June 2020	100% of the Tranche 1 amount (i.e., up to a maximum of \$50,000) provided in two equal amounts
	September 2020	

Monthly activity statement lodgement		
Tranche 1	March 2020	300% of PAYG withholding up to a maximum of \$50,000
	April 2020	Where March 2020 did not reach the \$50,000 maximum, any remaining amount up to 100% of the PAYG withholding amount
	May 2020	
	June 2020	
Tranche 2	June 2020	100% of the Tranche 1 amount (i.e., up to a maximum of \$50,000) provided in four equal amounts
	July 2020	
	August 2020	
	September 2020	

How the support is provided

The business or non-profit entity will generally need to lodge its activity statement for the relevant period to trigger the cash flow support. Special rules are in place for large withholders that pay amounts twice weekly. In these circumstances, payments are due at the time the entity pays or is paid their GST net amount for the tax period most closely corresponding to the period for which payment is made.

As a starting point, all eligible entities will receive between \$10,000 and \$50,000 following the lodgement of the March activity statement.

The Commissioner has some discretion on how the cash flow support is provided to eligible entities. For example, the ATO could decide to allocate the support amount to the entity's running balance account or could decide to apply it against other tax debts. In practice it is expected that the support amounts will generally be applied against liabilities arising from the same activity statement, reducing the net amount that needs to be paid to the ATO for that month or quarter.

Where the support amount exceeds any tax liabilities that are owed by the entity, then the excess amount will be paid as a cash refund. The Commissioner also has the discretion to provide cash refunds to entities rather than applying the amounts against tax liabilities.

Example - Sarah's Construction Business

Sarah owns and runs a building business in South Australia and employs eight full time construction workers who each earn \$89,730 per year. Sarah reports withholding of \$15,008 for her employees on each of her monthly Business Activity Statements (BAS).

Sarah will be eligible to receive the cash flow assistance payment on lodgement of her BAS. The business receives:

Activity statement period	Credit amount	
March	\$45,024	300% of total withholding
April	\$4,976	Remainder up to \$50,000 cap
May	\$0	
June	\$12,500	25% of Tranche 1 amount
July	\$12,500	25% of Tranche 1 amount
August	\$12,500	25% of Tranche 1 amount
September	\$12,500	25% of Tranche 1 amount

The business will receive a total of \$100,000 under this measure.

Adapted from fact sheet: Cash flow assistance for businesses

Increase and extension of the instant asset write-off

Date	Assets acquired after the applicable date and first used or installed ready for use for a taxable purpose between 12 March 2020 and 30 June 2020
Applies to	Businesses with aggregated turnover less than \$500m

Eligibility

To access the new instant asset write-off threshold of \$150,000 your business needs to:

- **Be a trading business** (the entity buying the assets needs to carry on a business in its own right), and
- **Have an aggregated turnover under \$500 million.** Aggregated turnover is the annual turnover of the business plus the annual turnover of any “affiliates” or “connected entities”. The aggregation rules are there to prevent businesses splitting their activities to access the concessions. Another entity is connected with you if:
 - You control or are controlled by that entity; or
 - Both you and that entity are controlled by the same third entity.

In order for a small business with aggregated turnover of less than \$10 million to access the \$150,000 threshold the asset needs to have been acquired after 7.30pm (AEST) on 12 May 2015 and it needs to have been first used or installed ready for use for a taxable purpose between 12 March 2020 and 30 June 2020.

If the business has aggregated turnover of \$10 million or more then, the \$150,000 threshold only applies if the asset was acquired after 7.30pm (AEDT) on 2 April 2019 and it needs to have been first used or installed ready for use for a taxable purpose between 12 March 2020 and 30 June 2020.

The write-off only applies to certain assets you buy. The instant asset write-off only applies to certain **depreciable assets** such as a concrete tank for a builder, a tractor for a farming business, and a truck for a delivery business. There are some assets that don’t qualify although the restrictions are slightly different depending on whether the business has aggregated annual turnover of less than \$10 million or not. For example, small business entities cannot apply these rules to assets such as horticultural plants or assets leased to another party on a depreciating asset lease, etc. The rules cannot apply to capital works (building construction costs etc.) regardless of the turnover level of the business.

You will also need to ensure that there is a relationship between the asset purchased by the business and how the business generates income. You can’t for example claim deductions for television sets if they have no relevance to your business.

How is the support calculated?

The instant asset write-off enables your business to claim an upfront deduction for the full cost of depreciating assets in the year the asset was first used or installed ready for use for a taxable purpose.

For example, if your company’s turnover is under \$50m and you purchase an eligible asset for \$140,000 (GST-exclusive) on 1 June 2020 (and install it ready for use by 30 June 2020), then a deduction of \$140,000

can be claimed. If the company is subject to a tax rate of 27.5% then this should reduce the tax payable by the company for the 2020 income year by \$38,500.

If your business is likely to make a tax loss for the year, then the instant asset write-off is unlikely to provide a direct short-term benefit to you. However, if this measure is likely to reduce the taxable income of the business for the year then it may be possible to vary upcoming PAYG instalments to improve cash flow.

If the asset is a luxury car then the deduction will be limited to the luxury car limit. The business use percentage of the asset also needs to be taken into account in calculating the deduction. For example, if a sole trader acquires an asset for \$40,000 but only expects to use it 80% in the business then the immediate deduction would be \$32,000.

The increase to the instant asset write-off threshold in the stimulus package is the fourth increase or extension and businesses will need to be wary of what they are claiming and when:

Instant asset write-off thresholds	Small Business*	Medium business**	Large business***
1 July 2018 - 28 January 2019	\$20,000	-	-
29 January 2019 - 2 April 2019	\$25,000	-	-
2 April 2019 - 12 March 2020	\$30,000	\$30,000	-
12 March 2020 - 30 June 2020	\$150,000	\$150,000	\$150,000

* aggregated turnover under \$10 million

** aggregated turnover under \$50 million

*** aggregated turnover under \$500 million

At this stage it is expected that the instant asset write-off threshold will reduce back to \$1,000 from 1 July 2020.

How is the support provided?

The instant asset write-off is a tax deduction that reduces the tax liability of your business. It is triggered when you lodge the business's 2019-20 tax return.

Example

Samantha owns a company, Sam's Specialty Roasters Pty Ltd, a large food processing business in Brisbane. Sam's Specialty Roasters Pty Ltd has an aggregated annual turnover of \$150 million for the 2019-20 income year.

On 1 May 2020, Samantha purchases five new conveyor belts for her production facility for \$40,000 each, exclusive of GST, for use in her business.

Continued over...

Under the \$150,000 instant asset write-off, Sam's Specialty Roasters Pty Ltd can claim an immediate deduction of \$200,000 for the purchase of the conveyor belts (i.e., \$40,000 for each conveyor) in the 2019-20 income year (\$195,544 more than under the previous rules). At the company tax rate of 30%, this will reduce the tax payable by Sam's Specialty Roasters by \$60,000 (assuming the company is in a tax payable position for the year).

If the business has paid PAYG instalments and these exceed the tax payable for the year, then the excess should be refunded to the company or applied against other tax debts owed to the ATO.

If this additional deduction pushes the company into a tax loss position then this will be carried forward to future income years, subject to some loss recoupment tests.

Adapted from Treasury Fact sheet: Delivering support for business investment

Low general pool balances for small business entities

The changes also ensure that a \$150,000 threshold applies in determining whether the balance of a small business entity general pool is deducted in full in the year ending 30 June 2020.

That is, the rules ensure that the entire pool balance is written off if the business has a SBE pool and the result of the formula below is less than \$150,000 as at 30 June 2020:

- Start with the opening balance of the pool for the year;
- Add the business use percentage of any assets added to the pool for the year;
- Less the business use percentage of any assets disposed of during the year.

If the result of the formula above is less than \$150,000 then the business claims a deduction for that amount in the 2020 tax return and the pool balance becomes nil. Note that the formula above does not take into account the current year depreciation deduction amount for the pool.

Accelerated depreciation deductions

Date	New assets acquired from 12 March 2020 and first used or installed ready for use for a taxable purpose by 30 June 2021
Applies to	Businesses with aggregated turnover less than \$500m

Eligibility

Businesses with a turnover of less than \$500 million can access accelerated depreciation deductions for assets that don't qualify for an immediate deduction.

This incentive is only available in relation to:

- New depreciable assets
- Acquired on or after 12 March 2020 that are first used or installed ready for use for a taxable purpose by 30 June 2021.

It does not apply to second-hand assets or buildings and other capital works expenditure. The rules also won't apply if the business entered into a contract to acquire the asset before 12 March 2020.

How is the support calculated?

Businesses will be able to deduct 50% of the cost of a new asset in the year of purchase. They can then also claim a further deduction in that year by applying the normal depreciation rules to the balance of the cost of the asset.

Accelerated depreciation deductions will apply from 12 March 2020 until 30 June 2021. This will bring forward deductions that would otherwise be claimed in later years.

For example, let's assume that a business purchases a new truck for \$250,000 (exclusive of GST) in July 2020. In the 2020-21 tax return the business would claim an upfront deduction of \$125,000. The business would also claim a further deduction for the depreciation on the balance of the cost. If the business is a small business entity and using the simplified depreciation rules, this would mean an additional deduction of \$18,750 (i.e., 15% x \$125,000). The total deduction in the 2020-21 tax return would be \$143,750. Without the introduction of accelerated depreciation, the business would have claimed a deduction of \$37,500 (i.e., 15% x \$250,000).

How is the support provided?

The accelerated depreciation rules provide a tax deduction, which reduces taxable income and the tax liability of the business. It is triggered when you lodge the business's 2019-20 or 2020-21 tax return. The initial deduction is claimed in the tax return for the year in which the asset is first used or installed ready for use for a taxable purpose.

Example

J Construction Solutions Pty Ltd has an aggregated annual turnover of \$200 million for the 2020-21 income year.

On 1 July 2020, J Construction Solutions Pty Ltd installs a \$1 million truck mounted concrete pump for use in the business. Under the new rules, J Construction Solutions Pty Ltd can claim a depreciation deduction of \$650,000 in the 2020-21 income year. This consists of 50% of the concrete pump's value (\$500,000) plus 30% of the remaining \$500,000 under existing depreciation rules (\$150,000). This is \$350,000 more than under the previous rules.

Continued over...

At the 30% company tax rate, this deduction will reduce the tax liability of J Construction Solutions Pty Ltd by \$195,000 for the 2020-21 income year, assuming it is in a tax payable position.

If the business has paid PAYG instalments and these exceed the tax payable for the year, then the excess should be refunded to the company or applied against other tax debts owed to the ATO.

If this additional deduction pushes the company into a tax loss position then this will be carried forward to future income years, subject to some loss recoupment tests.

Adapted from Treasury Fact sheet: *Delivering support for business investment*

Wage subsidy of up to 50% of an apprentice or trainee wage

Date	Apprentice/trainee wages from 1 January 2020 – 30 September 2020 For apprentices employed at 1 March 2020
Applies to	Apprentices employed by small business (<20 employees) at 1 March 2020 Larger organisations employing apprentices/trainees let go by a small business after 1 March 2020

Eligibility

Eligibility for the apprenticeship incentive depends on who the apprentice was employed by and when.

The apprenticeship incentive is available to:

- Small businesses (including those using Group Training Organisations) employing fewer than 20 employees; and
- Other businesses or Group Training Organisations employing apprentices who have been displaced by small business employers.

The small business employer must have employed the apprentice at 1 March 2020 and will need to provide evidence of wages paid to the apprentice. If the small business subsequently is unable to retain the apprentice, another business can access the incentive if they then employ and pay wages to the apprentice.

If the business becomes eligible for a JobKeeper payment in relation to the apprentice or trainee then they will no longer be eligible for this subsidy.

How is the support calculated?

Employers will be reimbursed 50% of an eligible apprentice's wage up to a maximum of \$21,000 per apprentice (\$7,000 per quarter).

How is the support provided?

Employers can register for the subsidy from 2 April 2020 (final claims by 31 December 2020). The [Australian Apprenticeship Support Network](#) will assess the eligibility of claims.

Example

David's Plumbing is a small business employing 10 people, including two full-time Australian Apprentices.

Taylor is a first year Australian Apprentice, aged 20, undertaking a Certificate III qualification. She commenced her apprenticeship with David's Plumbing on 6 February 2020. Taylor receives a weekly wage of \$532.89.

Lisa is a third year Australian Apprentice, aged 29, undertaking a Certificate IV qualification. She commenced her apprenticeship with David's Plumbing on 18 November 2017. She receives a weekly wage of \$772.71.

David's Plumbing is eligible for apprenticeship incentive of 50% of the apprentices' wages been paid by David's Plumbing since 1 January 2020.

Assuming David keeps both apprentices working at their same rates between 1 March 2020 and 30 September 2020, David's Plumbing will receive:

Apprentice	Total reimbursement	Employment period
Taylor	\$9,059	6 February 2020 to 30 September 2020
Lisa	\$15,068	1 January 2020 to 30 September 2020

Adapted from Treasury Fact sheet: Cash flow assistance for business

More Information

[Australian Apprenticeships](#)

[Australian Apprenticeship Support Network providers](#)

ATO assistance and support

It's important that you continue to meet your compliance obligations – lodging returns and activity statements, single touch payroll, and superannuation guarantee payments – even if that tax payment has been deferred or waived.

It's also important that amounts you declare to access various stimulus package initiatives match what you have declared to the ATO.

If you need assistance to defer tax payments, manage reporting, or manage tax debt, you or your adviser will need to contact the ATO.

Support from the ATO includes:

- **Ability to vary PAYG instalment amounts to zero for March 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.**
- Up to 6 month deferral for the payment of business activity statements (including PAYG instalments), income tax assessments, fringe benefits tax assessments and excise duty
- Businesses on a quarterly reporting cycle able to opt into monthly GST reporting for faster access to GST refunds where applicable
- Remitting any interest and penalties, incurred on or after 23 January 2020, applied to tax liabilities
- Low interest payment plans for tax debt

If you have an outstanding tax debt, tax relief might be available in serious and exceptional circumstances, such as where you cannot pay for food or accommodation.

The ATO will also be involved in administering certain aspects of the Government's stimulus measures. Certain aspects of the rules are subject to the ATO's discretion and you or your adviser can contact the ATO to discuss this further.

Access to financial support

Underwriting small business loans

Date	Early April 2020
Applies to	Small business

Despite record low interest rates, getting a loan can be difficult, particularly in this environment.

The Federal Government has underwritten up to \$40 billion in SME loans. The Coronavirus SME Guarantee scheme is aimed at small businesses that would be viable except for the pandemic. Under the scheme, the Government will provide a guarantee of 50% to SME lenders for new unsecured loans to be used for working capital. The loans will be:

- A maximum size of \$250,000;
- Have a loan term of up to three years, with an initial six month repayment holiday; and
- Will be in the form of unsecured finance (so you don't have to put your house on the line).

The loans are subject to the lender's credit assessment although the Government expects that *"lenders will look through the cycle to sensibly take into account the uncertainty of the current economic conditions."*

You should expect to see products from the financial institutions coming through in April. The products are expected to provide facilities that only have to be drawn if needed. This will mean that you will only incur interest on the amount you draw down. If you do not draw down any funds from the facility, no interest will be charged, but you will have the flexibility to draw down in the future.

Lenders will also be exempt from responsible lending obligations for existing small business clients.

Outside of the big banks, the Government has provided \$15 billion in funding through the Australian Office of Financial Management to invest in structured finance markets used by non-banks to support lending for residential mortgages, small business lending, and consumer lending (credit cards, cars and personal loans).

Support from your bank

Australian banks will defer loan repayments for six months for businesses including sole traders who need assistance because of COVID-19. The support is available for those with total business loan facilities of up to \$10 million. Note that your loan will still accrue interest even if you have deferred payments.

The banks are also offering loans, including overdrafts, with no repayments for the first six months, at very low interest rates, supported by the Government through an SME Loan guarantee.

Other assistance can include fees waived, loans restructured, and further credit offered to get through the pandemic.

Support from State & Territory Governments

Australian Capital Territory

Payroll tax waivers and deferrals

All businesses whose operations are directly affected by the '[prohibited activities list](#)' will receive a six-month waiver of payroll tax from April to September 2020. Businesses need to [apply](#) to the ACT Revenue Office to receive the waiver.

- For those who lodge their payroll tax assessment monthly, the first waiver will be applied to their April payroll tax return, which is usually payable by 7 May.
- For those who lodge their payroll tax assessment annually, the waiver will be applied to their account when the return is received at the end of the 2019-20 financial year.

All ACT businesses with grouped Australia wide wages of up to \$10 million, can apply to defer their 2020-21 payroll tax, interest free until 1 July 2022.

Food and liquor licensing fee waiver

Licensed venues and off licensed venues with gross liquor purchase value of below \$3 million per annum will receive a 12-month waiver of their food business registration and liquor licencing fees from 1 April 2020 and outdoor dining fees for 2020-2021 will be waived.

There are no refunds for those who have prepaid. Instead, an additional 12 months will be added to the license.

Electricity rebates for small business

Small business owners with electricity usage below 100 megawatts per year will see rebates of \$750 automatically applied to their next electricity bill in June or July 2020. The rebate is automatic.

Rideshare and taxi plate fees

Rideshare vehicle licence fees will be waived for 12 months for rideshare operators from 1 April 2020 as part of the normal licencing processes. No refunds will be paid to those that have paid. Instead, an additional 12 months credit will be added to the license at the next due date.

For government leased taxi plate fees (including wheelchair accessible taxis), all taxi plate fees have been waived. One off payments of up to \$5,000 are also being made to taxi drivers who lease their taxi plates from private owners. Taxi drivers who lease their plates from a private owner will need to email Access Canberra at taxiservices@act.gov.au for these payments to be progressed.

Commercial general rates

Commercial property owners with an Average Unimproved Value of \$2m or less will be eligible for a rebate. Commercial rate payers will receive a credit of \$2,622 to their 2019-20 general rates in quarter four.

New South Wales

Payroll Tax refunds and deferrals

For all NSW employers, on 1 July 2020, the tax-free threshold will increase from \$900,00 to \$1 million.

If your business has grouped Australian wages of **\$10m or less in 2019-20**, then:

- Your annual liability will be reduced by 25% when you lodge your annual reconciliation (due 28 July). Any refunds owing will be paid at that time.
- For monthly payers, no payment will be required for March 2020, April 2020, or May 2020, and you have an option to defer for an additional 3 months (as long as your total grouped payroll remains no more than \$10m).

For businesses with grouped Australian wages **above \$10m in 2019-20**, you have the option to defer the liability for up to 6 months. There is no need to make payment for March 2020 (normally due 7 April).

\$10,000 grants to small business

Grants of up to \$10,000 will be available to NSW small businesses impacted by the public health orders to restrict social gathering and movement to cover unavoidable costs such as utilities, overheads, legal costs and financial advice.

To be eligible for the grants, your business must:

- Have between 1 and 19 employees and a turnover of more than \$75,000
- Payroll below \$900,000 (the NSW Government 2019-20 payroll tax threshold)
- Have an ABN as at 1 March 2020, be based in NSW and employ staff as at 1 March 2020
- Be highly impacted by the [Public Health \(COVID-19 Restrictions on Gathering and Movement\) Order 2020](#) issued on 30 March 2020. Highly impacted industries include:
 - Retail trade
 - Accommodation and food services
 - Rental, hiring and real estate services
 - Administrative and support services
 - Arts and recreation services.
- Use the funding for unavoidable business costs.

The Grant Application form and requirements will be available on the Service NSW website by 17 April 2020 until 1 June 2020.

Flexible long service leave arrangements

From 24 March 2020 for six months, employees and employers can agree:

- For the employee to take long service leave without the normal one month's notice period.
- For the employee to take long service leave in smaller blocks (rather than blocks of a month). The legislation is vague about what this means but gives the example of an employee taking long service leave for one or two days a week.

Deferral of gaming tax for 6 months

Venues can apply to pay their gaming machine tax in three equal monthly instalments each quarter (e.g., September quarter tax assessment could be debited in three equal instalments on 21 October, 21 November and 21 December).

Venues are eligible to apply for the tax deferral where they have a revenue loss of 15% or more over the 12 months to the end of the current quarter in comparison to:

- The 12 months to the end of June 2007 for hotels, or
- The 12 months to the end of May 2007 for clubs.

A request for tax deferral assistance can be made each quarter.

Parking space levy deferral for six months

Parking space levy payments will be deferred until 30 September 2020.

Lotteries and Keno

Lotteries and Keno payments will be deferred from 1 April 2020 to 30 September 2020.

Government owned property – deferral of commercial rents

For commercial tenants with less than 20 employees, rent in Government owned property will be deferred for six months.

Northern Territory

Payroll tax waivers and deferrals for impacted business

For businesses able to demonstrate substantial hardship due to the coronavirus crisis, from 1 April 2020 the NT Government will:

- Abolish payroll tax for six months for smaller and medium-sized businesses, and
- Defer payroll tax for six months for large businesses.

Businesses will need to apply from 1 May 2020.

Power, water and sewage bills reduced by 50%

For businesses able to demonstrate substantial hardship due to the coronavirus crisis, from 1 April 2020 the NT Government will reduce power, water and sewage bills (for regulated utility tariffs) by 50%.

Businesses will need to apply from 1 May 2020.

Conditions for access to support by landlords

To access the payroll tax initiatives and the reduction in power, water and sewage, businesses that are landlords will need to adhere to an additional condition. When commercial tenants demonstrate economic hardship and request rent relief, landlords will be expected to negotiate relief in line with the Code of Conduct for commercial tenancies, agreed to by National Cabinet.

The Government will also waive the property activation levy for relevant landlords whose property becomes vacant due to the coronavirus crisis.

If commercial landlords do not negotiate in good with faith their tenants, landlords will not be eligible for this relief, or any of the economic support packages recently announced by the Government.

Business survival fund

The survival fund is a lump sum payment that provides:

- An immediate survival payment; and
- A rapid adaption payment to businesses impacted by the social distance restrictions.

To access the fund, businesses must demonstrate significant impact, in particular in relation to turnover, staffing levels and fixed and operational costs.

The immediate survival payment amounts are:

- \$2,000 for sole traders
- \$5,000 for businesses with 2 to 5 employees (FTEs)
- \$20,000 for businesses with 6 to 19 employees (FTEs)
- \$50,000 for businesses with more than 20 employees (FTEs).

The rapid adaptation payment provides:

- Up to \$2,000 for businesses with one employee (FTE) and
- Up to \$5,000 for other eligible businesses to offset costs incurred in adapting their current business model to suit restrictions.

For details, see [Small Business Survival Fund](#)

Business improvement grants

Business improvement grants of up to \$10,000 for shopfront businesses to purchase goods and services to make permanent physical improvements to a business (land and/or building) that help its operations and customer experience.

Queensland

Payroll Tax

If your business is an employer that pays \$6.5 million or less in Australian taxable wages:

- 2 months of your payroll tax will be refunded. The QLD Office of State Revenue will contact eligible employers directly to issue the refund, and
- No payroll tax needs to be paid for 3 months.

In addition, you can apply for a deferral of payroll tax for the 2020 calendar year.

Employers (or part of a group of employers) that pay more than \$6.5 million in Australian taxable wages that have been negatively affected by coronavirus, can apply (by 31 May 2020) for a:

- Deferral of payroll tax for the 2020 calendar year (If you have already applied for a deferral, you do not need not reapply) ([apply here](#)), and
- 2 month payroll tax refund ([apply here](#)).

Payroll tax returns will still need to be lodged.

See [Coronavirus payroll tax relief](#)

Jobs support loans of up to \$250k with an initial interest free period

A loan facility of at least \$500 million, interest free for the first 12 months, has been created to help business retain employees and maintain operations.

Low interest loans of up to \$250,000 are available to assist with carry-on expenses such as employee wages, rent and rates and other related expenditure. The loans terms are:

- No repayments or interest charged for the first year
- Plus two years interest only
- 2.5% fixed interest rate
- 10-year term of loan

Eligible business types include sole traders, partnerships, private and public companies and trusts.

See the [full requirements](#), and [guidelines](#).

Agribusiness market diversification and resilience grants

The Market Diversification and Resilience Grants (MDRG) program is targeted to exporters and their critical supply chain partners, as well as industry organisations working with exporters to build resilience by diversifying into new markets.

To be eligible you must be one of the following at the time of your application:

- A Queensland-based agriculture, food, forestry or fishing exporter;
- A Queensland-based critical supply chain partner (e.g., fishing business, producer, grower, grower collective, wholesaler) to a Queensland-based agriculture, food, forestry or fishing exporter; or
- A not-for profit industry organisation working with Queensland-based agriculture, food, forestry and fishing exporters.

The organisation must also be:

- A small to medium sized business employing less than 200 full-time equivalent employees;
- Registered and operating in Queensland, have an ABN and registered for GST; and
- Trading viably for at least the past 2 years.

Applicants can apply for one grant. The program has two components:

Projects grants up to \$50k

Project grant applications close 20 April 2020. The QLD Government will co-invest in eligible projects with grants of up to \$50,000 (excluding GST). The grants are for projects such as market evaluation studies, staff training, new equipment, boat modifications etc.

The grant forms up to 50% of the total cost of a project activity or equipment purchase. Business should provide evidence of their contributions both in-kind (e.g., reasonable salary costs for key personnel, freight costs) and cash. Cash contributions must be at least 25% of total project costs.

See the [grant terms and conditions](#). Download the [application form](#).

Equipment purchases grants up to \$7.5k

The QLD Government will co-invest up to 75% of the cost of new equipment such as freezers, vacuum packaging machines, etc up to \$10,000 (excluding GST).

See the [grant terms and conditions](#). Download the [application form](#).

Electricity bill rebate

Sole traders, small and medium businesses will get a \$500 rebate on their power bill. Any business consuming less than 100,000 kilowatt hours will receive the rebate, which will be automatically applied on business electricity bills.

Rent relief for Government premises

The Government will provide 6 months relief for businesses who rent premises from the state government.

South Australia

Payroll tax waiver and relief

Payroll tax between April and September has been waived for businesses with an annual grouped payroll up to \$4 million.

Employers with annual grouped payroll above \$4 million can defer payroll tax payments for 6 months if they demonstrate “significant impacts on cash flow” because of the coronavirus.

Land tax relief

Individuals and businesses with outstanding quarterly land tax bills for 2019-20 will be able to defer payments for 6 months.

Liquor license fees waived for forced close downs

Liquor license fees for 2020-21 will be waived for hotels, restaurants, cafes and clubs forced to close as a result of social distancing restrictions.

Tasmania

Payroll tax waivers and rebates

Payroll tax waivers or rebates are in place for employers with Australian group wages of up to \$5 million, for key industry sectors, and for those with employees under 24 years of age. Your annual adjustment return still needs to be lodged by 21 July 2020 even if payroll taxed is waived.

Tasmanian employer eligibility	Support
<ul style="list-style-type: none">Australian group wages <\$5mDemonstrate operations impacted by COVID-19	<ul style="list-style-type: none">2019-20 payroll tax waived for 2019-20 financial yearMonthly returns for March, April and May not required
<ul style="list-style-type: none">Hospitality, Tourism, and Seafood industries	
<ul style="list-style-type: none">New employees aged 24 and under employed between 1 April and December 2020	<ul style="list-style-type: none">12 month payroll tax rebate

Grants and loans

\$2,500 emergency cash payments

\$2,500 cash payment emergency grants for small business in the following industries (and suppliers who derive the majority of their income from these industries):

- Seafood
- Tourism and accommodation
- Hospitality
- Retail (including beauty and hairdressers, any business with a shop front)
- Arts and entertainment
- Fitness (includes personal trainers, gyms, yoga)

And, exporters who derived the majority of their 2018-19 income from international exports.

The grants are available to majority owned and operated Tasmanian businesses that are employers with under 20 full time equivalent employees on or before 31 January 2020, or sole traders, non-employing businesses and owner operator businesses (see the [guidelines](#)).

The Government has flagged further grants of \$15,000 to small business in identified sectors that are experiencing severe financial hardship. Businesses should first apply for the \$2,500 emergency grants to access the second round support.

Business Support Loan Scheme

The Business Support Loan Scheme provides interest free loans of between \$20,000 and \$250,000 to assist with business continuity such as the purchase of plant and equipment, moving to online sales and distribution, etc. Loans are available to those in the hospitality, tourism and seafood export sectors, as well as related supply chain businesses and those that can demonstrate they have been significantly impacted by the outbreak (see [the guidelines](#)). [Apply here](#).

Waivers and capping of Government licensing, fees and charges

Liquor licensing reductions and waivers

50% discount on liquor licensing fees and waivers of all application fees for the 2020 calendar year (backdated to 1 January 2020).

Taxi license fees

Taxi license fees have been waived for the 2020 calendar year.

Energy and water

Water and electricity bills will be waived for the first quarterly bill received after 1 April 2020 for small business customers on Tariff 22, 94, 82 or 75, including those small businesses on market contracts.

Energy prices will also be capped and water prices frozen in 2020-21.

Fisheries license fees waived

12 month waiver of the annual fees for rock lobster, giant crab, fin fishers, and for abalone divers.

Land tax waived for impacted businesses

2020-21 land tax will be waived for commercial property owners financially impacted by COVID-19 where the land tax is paid by the business owner.

Vehicle registration

The roads component of motor tax and vehicle registration will be waived where the business is significantly impacted by measures relating to COVID-19. Small businesses that suspend activity can apply to freeze vehicle registrations for light and heavy vehicles for up to 12 months.

Government fees and charges

The Government will freeze all fees and charges subject to the *Government Fee Units Act 1997*.

Victoria

Payroll tax waivers and deferrals

If your business has annual taxable wages of up to \$3m:

- 2019-20 Payroll tax is waived. State Revenue is contacting eligible businesses and refunding them directly (from 27 March 2020).
 - Returns still need to be lodged but no further payments need to be made.
- 2020-21 Payroll tax can be deferred for July – September (first quarter). You will need to apply for the deferral.

The \$3m eligibility threshold applies to each employer. Any member of a group that pays Victorian taxable wages of up to \$3m per annum will be eligible for the relief.

Land tax deferrals

Landowners can defer their 2020 land tax payment if they have at least one non-residential property and total taxable landholdings below \$1 million.

- Non-residential property includes; commercial property, industrial property, and vacant land (excluding residential vacant land).

Grants of up to \$10k

Businesses can apply for grants of up to \$10,000 for costs such as utilities, rent and salaries, and activities to support business continuity planning. To be eligible, businesses must:

- Employ staff
- Been subject to closure or are highly impacted by Victoria's Non-Essential Activity Directions issued by the [Deputy Chief Health Officer to-date](#)
- Have a turnover of more than \$75,000
- Have payroll of less than \$650,000

2020 Liquor licence renewals waived

2020 renewable liquor licence fees have been waived for coronavirus affected venues and small businesses. For those that have paid the licensing fee, refunds will be issued. If the license fee has not yet been paid, it will be waived.

Western Australia

Payroll tax waiver

Payroll tax will be waived for four months between 1 March 2020 and 30 June 2020 for businesses with Australia-wide annual wages of less than \$7.5 million in 2019-20. This initiative replaces the previously announced deferrals.

For all Western Australian employers, on 1 July 2020, the tax-free threshold will increase from to \$1 million.

Electricity bill credits for small business and charities

A \$2,500 credit (as of March 2020) for Synergy and Horizon Power customers to reduce future electricity bills will be provided to:

- Small business customers that consume less than 50 megawatt hours per annum.
- Charities – for groups on community service and charitable accommodation electricity tariffs.

The credit will be allocated from 1 May 2020.

License fees for SMEs in affected industries

A wide range of license fees have been waived for 12 months for coronavirus impacted businesses including:

- Building services, plumbers and electricians;
- tourism businesses operating in national and marine parks;
- Boat registration and mooring fees for tourism operators and commercial fishers;
- commercial fisheries licences;
- Taxi booking service authorisation fees;
- Settlement agent licence fees; and
- Other statutory planning fees

Liquor licensing renewal fees

Liquor licence renewal fees for 2020 will be waived and refunds provided for businesses that have already paid.

On-demand transport industry relief

The WA Government has released a relief package for the on-demand transport industry. The full details are not yet available.

Regional taxi assistance payments

A payment (the sum has not yet been disclosed) will be made to approximately 200 former country taxi licensees who paid a sum to a third party to acquire a taxi-car business and were operating against that licence on 1 July 2019. The payments are expected to be made in July 2020.

\$2,500 cash payment to authorised on-demand booking services

Approximately 600 authorised On-demand Booking Services that also hold an active Passenger Transport Vehicle (PTV) authorisation will receive cash payments of \$2,500. These are largely sole traders or small and medium businesses providing taxi, tour and charter, luxury and special event services across Western Australia. The payments are expected to be made in July 2020.

Government owned property rent relief

The Government will waive rental payments for small businesses and not-for-profit groups in State Government-owned buildings for six months.

For individuals

Expanded access, reduced means testing and waiting times

From 25 March 2020, eligibility for the Jobseeker Payment, Parenting Payment and the Youth Allowance Jobseeker will be extended temporarily to include:

- Permanent employees who have been stood down or lost their jobs (and are not receiving payments from an employer or through insurance),
- **Sole traders, the self-employed, casuals or contractors** whose income has reduced to below \$1,075 a fortnight, and
- People who cannot work as they are caring for someone affected by coronavirus.

In addition to this, the normal asset test won't apply temporarily when determining entitlements to the Jobseeker Payment, Parenting Payment and Youth Allowance Jobseeker.

However, [income testing](#) still applies. That means, if your income has reduced to zero or very little, but your partner is still working then this could still impact on whether you are entitled to these payments as well as the amount of the payment you receive.

On 30 March, the Government announced a temporary relaxation of the partner income test for the JobSeeker Payment. Providing your partner earns "less than \$3,068 per fortnight, around \$79,762 per annum" you should be able to access the JobSeeker payment, and subsequent Coronavirus supplement.

Waiting periods for access to social services support have been reduced or waived:

- The one-week ordinary waiting period is waived.
- The liquid asset test waiting period (applies to those with assets such as cash savings worth over \$5,500 for singles or \$11,000 for singles with children and partnered people) is waived for those who are eligible for the Coronavirus supplement.
- The newly arrived resident's waiting period for new migrants (currently four years for these payments) is temporarily waived. Claimants will still need to meet residency requirements, that is they will need to hold a permanent visa. Affected claimants will need to serve the remainder of this waiting period at the end of the period the Coronavirus Supplement is paid for.
- The Seasonal Work Preclusion Period is waived for those who are eligible for the Coronavirus supplement — this applies to those who finished seasonal, contract or intermittent work in the six months prior to claiming income support.

The income maintenance period, affecting those receiving certain lump sums from their previous employer after losing their job, and those who have been stood down but are still receiving leave payments, can be waived in situations of financial hardship but is on a case by case basis.

The Minister for Families and Social Services has been given the power to amend legislation via a legislative instrument to enable changes to be made quickly.

How to access social services payments

Depending on your household income, you might be eligible for some of the stimulus measures even if the social services payment you are applying for is almost nothing as the initiatives are not calculated on the amount you receive just whether you are eligible to receive it.

CRN number

If you have not personally received social services support previously, you will need a Customer Reference Number (CRN) number (apply through [myGov](#)). This is an identifying number that lets you create an online account and apply for payments.

To do this:

- Establish a [myGov account](#) (which will give you access to most Federal Government services) if you don't already have one and login
- Click "Register intention to claim"

Centrelink will contact you by phone or email.

The first date your claim starts is the date you click 'register intention to claim'.

You will need to verify your identity and in order to access social service payments you need to make a declaration that you have been made redundant, stood down etc, as well as showing your current income. For sole traders and contractors, you will need to make a similar declaration stating that the business has been suspended or income has reduced significantly, and prove the reduction in income.

\$550 Coronavirus supplement

Eligibility

For six months from 27 April, a \$550 per fortnight supplement will be paid to those on the following allowances:

- Jobseeker payment
- Youth Allowance (job seekers and students)
- Austudy for students and ABSTUDY (Living Allowance)
- Parenting Payment
- Partner Allowance
- Widow Allowance
- Special Benefits, and
- Farm Household Allowance.

For those eligible for the coronavirus supplement, the waiting periods for the liquid asset test, newly arrived residents, and seasonal work preclusion period have also been waived.

How is the support calculated?

The \$550 payment does not depend on how any social services payment you receive is calculated or the value of any benefits you receive (you might be eligible for just \$1 or in some cases \$0). The payment is not subject to income or asset testing. It is a payment in addition to any benefits you are currently receiving now.

The payment is taxed.

How is the support provided?

If you are eligible, the coronavirus supplement is automatic. From 27 April, all existing and new eligible individuals will receive the \$550 fortnightly payment while they are receiving benefits.

Example

Chris is a sole trader, running an architecture practice, specialising in home renovations.

Chris' practice has been successful over the years, and he has been able to build up a reasonable asset base.

Coronavirus has adversely affected Chris' business and his income has been reduced to zero.

Chris will be able to apply for the new JobSeeker / Coronavirus supplement.

His assets are not included as part of the eligibility assessment and he is not required to serve a Liquid Asset Test Waiting Period.

Chris is eligible for the Jobseeker payment and, as he is married, will receive:

- JobSeeker Payment partnered rate of \$510.80 per fortnight
- Energy Supplement of \$7.90 per fortnight
- Coronavirus supplement of \$550 per fortnight

This brings Chris's total fortnightly income support payment to \$1,068.70.

However, if Chris's wife is working, he will need to ensure that her income is under the income threshold (less than \$3,068 per fortnight) or this will impact on Chris' ability to access these payments or the amount that is received.

Adapted from Treasury: *Income support for individuals*

Tax-free \$750 payments to social welfare recipients

Two \$750 per person income support payments will be made to many social welfare recipients. Eligibility for the second payment is different to the first and does not apply to those who receive the Coronavirus supplement.

Eligibility

The first income support payment, made in March/April, applies to those living in Australia and receiving the following social security payments between 12 March 2020 and 13 April 2020.

- Age Pension
- Disability Support Pension
- Carer Payment
- Parenting Payment
- Wife Pension
- Widow B Pension
- ABSTUDY (Living Allowance)
- Austudy
- Bereavement Allowance
- Newstart Allowance
- JobSeeker Payment
- Youth Allowance
- Partner Allowance
- Sickness Allowance
- Special Benefit
- Widow Allowance
- Family Tax Benefit
- Carer Allowance
- Pensioner Concession Card (PCC) holders
- Commonwealth Seniors Health Card holders
- Veteran Service Pension; Veteran Income Support Supplement; Veteran Compensation payments, including lump sum payments; War Widow(er) Pension; and Veteran Payment.
- DVA PCC holders; DVA Education Scheme recipients; Disability Pensioners at the temporary special rate; DVA Income support pensioners at \$0 rate.
- Veteran Gold Card holders
- Farm Household Allowance

The second income support payment, made in July, has the same eligibility criteria as the first payment, but excludes those who receive the coronavirus supplement. These are people on the following:

- Jobseeker
- Youth Allowance (job seekers and students)
- Austudy for students and ABSTUDY (Living Allowance)
- Parenting Payment
- Special Benefits, and
- Farm Household Allowance.

How is the support calculated?

No calculations. The \$750 payment does not depend on how any benefit you receive is calculated.

The payment will be tax-free and will not count as income for Social Security, Farm Household Allowance and Veteran payments.

How is the support provided?

Those eligible for the payment will receive it automatically. The first payment will be made automatically from 31 March 2020. The second payment will be paid automatically from 13 July 2020.

Reduction in deeming rates

Date	1 May 2020
Applies to	Account-based and similar pensions

Deeming rates are the amount the Government determines you are making from your financial assets. The deeming rate applies regardless of what you actually make.

The deeming rate is used for income testing for service pensions, veteran payments, income support supplements, age pension and Commonwealth Seniors Health Card.

How is the support calculated?

There are two deeming interest rates; a higher deeming rate and a lower deeming rate. The lower deeming rate applies up to the deeming threshold (\$51,800 for singles and \$86,200 for couples).

Everything above this threshold is deemed to earn the higher deeming rate. The deeming thresholds are different for singles and couples.

As of 1 May 2020, the upper deeming rate will be 2.25% (from 3%) and the lower deeming rate 0.25% (from 1%).

How is the support calculated?

The deeming rate changes are automatic.

Example

Leslie and Brian are an age pensioner couple. They have \$550,000 worth of financial assets. They hold \$300,000 in a superannuation account with a conservative investment strategy which returned around 5% last year. They have invested \$130,000 in a term deposit with an annual return of 1.5% and hold the remainder in a cash transaction account earning a negligible rate of interest.

Continued over...

Deeming calculations	To 30 April 2020	1 May 2020 onwards
Total Financial Assets	\$550,000	\$550,000
First \$86,200 at lower deeming rate	\$862 (1%)	\$215.50 (0.25%)
Remaining balance	\$463,800	\$463,800
Total at upper deeming rate	\$13,914 (3%)	\$10,435.50 (2.25%)
Add upper and lower deeming rates	\$14,776	\$10,651
Divide by 26 to convert annual income to fortnightly income	\$568.31	\$409.65
Fortnightly deemed income	\$568.31	\$409.65

Under the former deeming rates, Leslie and Brian’s Age Pension would have been reduced by \$65 each per fortnight. Under the new deeming rates, Leslie and Brian’s Age Pension will now be reduced by around \$32 each per fortnight.

Adapted from Treasury: Providing support for retirees, Veteran’s Affairs: Deeming and financial assets

Access to free childcare

Any family whose children are enrolled in an approved child care service which remains operating will be able to access fee-free child care.

Free child care is one of the conditions for centres to access the new weekly business continuity payment. This payment provides the equivalent of 50% of the fees charged (up to the Child Care Subsidy hourly fee cap) for sessions of care in the fortnight preceding 2 March 2020 (17 February 2020 to 28 February 2020).

In order to be eligible for this new payment, a child care service must:

- Stay open with at least one child actively enrolled (except where the service is made to close on public health advice or for other health and safety reasons);
- Not charge families any fees;
- Continue and prioritise care for essential workers, vulnerable and disadvantaged children and previously enrolled children; and
- Comply with other regulatory requirements under the National Quality Framework and the conditions for approval for the CCS.

Relief for financially distressed individuals and businesses

Company solvency safety net

Date	25 March – 24 September 2020
Applies to	Companies

Eligibility

A temporary six month safety net has been put in place to protect companies from being pushed into insolvency as a result of the pandemic by debts incurred in the **ordinary course of running the business** (i.e., debts that you normally pay such as employee wages, rent, etc).

To utilise these measures, company directors will need to develop, document and implement a plan that will lead to a better outcome than administration or winding up, and maintain copies of the financial and management information that underpinned their decision making.

How is the support provided?

The measures protect companies in temporary financial distress as a result of the pandemic by lessening the threat of actions that could push them into insolvency and force the winding up of the business during a period of illiquidity.

The amendments to the *Corporations Act* regulations provide:

- A temporary 6 month increase to the threshold at which creditors can issue a statutory demand on a company from \$2,000 to \$20,000.
- An increase to the time a company has to respond to statutory demands from 21 days to 6 months.

Debs incurred will need to be paid. These measures delay proceedings by creditors to allow the business time to return to normal trading conditions. They do not extinguish debt.

The measures also don't prevent a creditor from suing a company to recover debt, just the ease with which they can pursue statutory demands.

Temporary relief for directors for trading while insolvent

Date	25 March – 24 September 2020
Applies to	Company directors

Eligibility

A temporary six month safe harbour from the directors' duty to prevent insolvent trading has been put in place. The safe harbour only applies to a debt that is incurred in the ordinary course of business.

The expectation is that many companies will be temporarily insolvent as a result of the pandemic. The safe harbour enables directors to trade through the pandemic if there is an expectation of the company being viable within six months.

A holding companies can also rely on the safe harbour for its subsidiaries if it takes reasonable steps to ensure the temporary safe harbour applies to each of the directors of the subsidiary, and to the debt.

How is the support provided?

Directors have a duty under the *Corporations Act* to ensure that the company is not trading while insolvent. A company is insolvent if it cannot pay its debts as and when they fall due.

Directors can rely on the new safe harbour if the debt is incurred:

- in the ordinary course of the company's business,
- between 25 March and 24 September 2020, and
- before the appointment of an administrator or liquidator during the temporary safe harbour.

Outside of the safe harbour, a director is personally liable for debts incurred by a company that trades while insolvent, in addition to being exposed to civil and criminally liable for losses.

This measure does not remove a director's responsibility to the company. ASIC's guide outlining directors duties to prevent insolvent trading states that directors must:

- Keep themselves informed about the company's financial position and affairs,
- Regularly assess the company's solvency and investigate financial difficulties immediately,
- Obtain appropriate professional advice to help address the company's financial difficulties where necessary, and
- Consider and act in a timely manner on the advice.

More:

ASIC: [Insolvency guide for directors](#)

Australian Institute of Company Directors: [Insolvent trading](#)

Bankruptcy safety net

Date	25 March – 24 September 2020
Applies to	Individuals

Eligibility

A temporary six month safety net has been put in place to protect individuals against bankruptcy proceedings between 25 March and 24 September 2020.

This measure does not impact on bankruptcy proceedings instigated prior to or after the temporary measures.

How is the support provided?

A series of temporary measures have been enacted to protect individuals against bankruptcy for six months. This impacts on the amount of debt that can be incurred before bankruptcy proceedings are initiated and the amount of time allowed to respond to bankruptcy proceedings:

- Threshold for the minimum amount of debt required for a creditor to initiate bankruptcy proceedings against a debtor increased from \$5,000 to \$20,000.
- The time a debtor has to respond to a bankruptcy notice increased from 21 days to six months.
- Where someone declares their intention to enter voluntary bankruptcy, the period of protection from unsecured creditors extended from 21 days to 6 months.

Moratorium on evictions and rent relief

The Prime Minister has stated that the states and territories are moving to put a moratorium on commercial and residential evictions as a result of financial distress.

Code of conduct for commercial tenancies

The Prime Minister has announced that the states and territories will legislate a mandatory code of conduct for commercial tenancies.

The code will apply where:

- The landlord or tenant is eligible for the JobKeeper program, and
- They have a turnover of \$50 million or less.

The code brings together a set of good-faith leasing principles. Landlords must not terminate the lease or draw on a tenant's security and tenants must honour the lease.

Landlords will be required to reduce rent proportionate to the trading reduction in the tenant's business, through a combination of waivers of rent and deferrals of rent over the "pandemic period." Waivers of rent must account for at least 50% of the reduction in the rental provided to the tenant during that period and deferrals must be covered over the balance of the lease term and in no less period than 24 months.

The arrangements will be overseen through a binding mediation process at state and territory level.

The code of conduct is not yet legislated by the states and territories.

Bank support for landlords who do not evict commercial tenants

The banks have announced that they will provide relief to commercial property landlords who undertake 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.

SMSFs with commercial property that provide rent relief to a related party

For some businesses, the business owner's SMSF (or a related party) owns the commercial property that the business leases. Normally, the leasing arrangement between the business and the SMSF must be at market value to fulfil the SMSF's obligations under the *Superannuation Industry Supervision Act*.

If the SMSF reduces the rent because the business is in financial distress as a result of COVID-19, the SMSF will not face action by the ATO. The ATO has stated:

*“Some landlords are giving their tenants a reduction in or waiver of rent because of the financial impacts of the COVID-19 and we understand that you may wish to do so as well. Our compliance approach for the 2019-20 and 2020-21 financial years is that **we will not take action where an SMSF gives a tenant – who is also a related party – a temporary rent reduction during this period.**”*

To qualify for rent relief, there are a number of issues that trustees should document:

- The financial hardship of the tenant (substantiating the financial impact)
- Review the lease agreement and refer to any relevant provisions within the agreement that enable a reduction in rent
- Agree and document a reduced rental amount for a specified period of time. The period of time should be relevant to the financial impact.

Taking these steps will help mitigate any potential compliance breach by your fund and reduce the likelihood of audit activity by the ATO.

It is important to balance the immediate needs of the related business with the long-term goals of the SMSF. The fund’s sole purpose to provide retirement benefits for members should be considered before any rent reduction is granted.

Tax deductions for rental property owners

Where a residential rental property owner reduces the rent to enable tenants to stay in the property, the ATO has indicated that this should not impact on the deductions that can be claimed by the landlord. The ATO has also confirmed that landlords can continue deducting normal rental property expenses if a tenant is not able to pay their full rent or have temporarily stopped paying rent because their income has been adversely affected.

If the landlord’s bank defers loan repayments for a period of time, the property owner can still claim a deduction for interest expenses if interest continues to accumulate on the loan.

Superannuation

Temporary early release of superannuation

Date	25 March – 24 September 2020 Applications from 20 April 2020
Applies to	People in severe financial hardship

From 20 April 2020, people in financial distress as a result of the coronavirus pandemic will be able to self-certify and apply for early release of up to \$10,000 of their superannuation in 2019-20, and again in 2020-21 (up until 24 September 2020).

Superannuation accessed under this measure is not taxed and will not impact on Centrelink or Veteran's Affairs payments.

If you have a Self-Managed Superannuation Fund, you cannot withdraw any amounts from the fund until your SMSF receives a release authority from the Australian Taxation Office (ATO) enabling you to make the withdrawal. See *How is the support provided?* for details of the process to access your superannuation.

Eligibility

Coronavirus measures

Australian citizens, permanent residents and New Zealand citizens with Australian held super are eligible to apply for early release under the measures. Temporary residents are not eligible.

To be eligible to access up to \$10,000 of your superannuation early under the coronavirus measures, you must meet one of the following requirements:

- You are unemployed at the time of applying for the determination;
- At the time of applying for the determination 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
 - You are a sole trader and your business was suspended or there has been a reduction in your turnover of 20% or more.

General early release measures

Outside of the coronavirus measures, you are able to access your superannuation early on compassionate grounds if you need money to pay for:

- medical treatment and medical transport for you or one of your dependants (a child or partner etc)
- palliative care for you or your dependant

- making a payment on a home loan or council rates so you don't lose your home
- accommodating a disability for you or your dependant
- expenses associated with the death, funeral or burial of your dependant.

If your application is rejected, you will be advised within 3 days via your MyGov account.

How is the support calculated?

Coronavirus measures

Under the coronavirus measures, you are able to apply for early release of up to \$10,000 of your superannuation once between 25 March 2020 and 30 June 2020, and again between 1 July 2020 and 24 September 2020.

Withdrawals under this measure will be tax-free and will not affect Centrelink or Veterans' Affairs payments.

If you have income protection, and/or life/total permanent disability insurance through your superannuation account, your superannuation may be affected if your balance falls below \$6,000.

General early release measures

Any superannuation you withdraw is taxed as a superannuation lump sum payment.

How is the support provided?

For Industry & Retail Funds

- Apply to the ATO through your myGov account (you will need to link the ATO to your account if you have not already)
- The ATO will issue a release authority to you and your fund
- The fund will then release the amounts to you

For Self Managed Superannuation Funds

- Check your trust deed for any specific provisions relating to the early release of superannuation
- Apply to the ATO through your myGov account (you will need to link the ATO to your account if you have not already)
- The ATO will issue a release authority to you and your fund
- The trustees must self-assess the criteria (ensure you document this process and have the member's documentation or a declaration from them)
- The SMSF will then release the amounts to the member

If you have multiple superannuation accounts, you can only release a total of \$10,000 across all accounts. You could for example, release \$8,000 from one fund and \$2,000 from another.

Ensure you check your superannuation fund balance before making any applications. If you make an application and the fund has insufficient money to fulfil the application, you will not be able to make a second application for the balance from another fund/account in that financial year. You also will not be able to seek the balance in the 2020–21 financial year above the \$10,000 cap.

For those eligible to access their superannuation, you can apply directly to the ATO through the [myGov](#) website from mid-April.

If you withdraw too much, you can re-contribute the amount under the normal contribution rules.

Example

Rachel is a sole trader with a catering business.

The coronavirus has had a big impact on Rachel’s catering business. Her turnover for July is \$5,000 compared to her average of \$10,000 per month for the second half of 2019. Rachel determines that her turnover has reduced by more than 20% compared to her average turnover over the last six months of 2019.

Rachel self-certifies that she is eligible for early release and applies to have \$10,000 released from her superannuation.

Adapted from Treasury: Early access to superannuation

Temporary reduction of pension minimum drawdown rates

Date	2019-20 and 2020-21
Applies to	Account-based and similar pensions

Eligibility

Individuals with account-based, allocated pensions, and market linked pensions.

How is the support calculated?

Age	Default minimum drawdown rates (%)	Reduced rates by 50% for 2019-20 and 2020-21 (%)
Under 65	4	2
65-74	5	2.5
75-79	6	3
80-84	7	3.5
85-89	9	4.5
90-94	11	5.5
95 or more	14	7

The minimum drawdown requirements for account-based pensions and similar products will be reduced by 50% in 2019-20 and 2020-21.

If you have already drawn down more than the required minimum, any deposits into the fund will be treated as a contribution and the normal contribution rules will apply.

The way your drawdowns are taxed will remain the same.

How is the support provided?

The reduction in the minimum draw down rates is automatic.

Example

Mike is 66 years old and he has an account-based pension with a value of \$200,000 at 1 July 2019.

Under the previous minimum drawdown requirements, Mike was required to drawdown 5% of his account balance over the course of the 2019-20 and 2020-21. This would have meant that Mike had to drawdown \$10,000 by 30 June 2020 to comply with the minimum drawdown requirements.

Under the coronavirus measures, Mike is now only required to drawdown 2.5 % of his account balance, that is, \$5,000 by 30 June 2020. If Mike has already drawn down over \$5,000 for 2019-20, he is not able to put the amount above \$5,000 back into his superannuation account.

On 1 July 2020 the value of Mike's account-based pension is \$180,000 (after drawdowns and investment losses). During 2020-21, Mike is required to drawdown \$4,500 (2.5% of his account balance).

Mike	1 July account-based pension balance	Minimum drawdown <u>before</u> measures	Minimum drawdown <u>after</u> measures
2019-20	\$200,000	\$10,000 (5%)	\$5,000 (2.5%)
2020-21	\$180,000	\$9,000 (5%)	\$4,500 (2.5%)

Adapted from Treasury: *Providing support for retirees*