



# Matthews Steer Summary

## COVID – 19 Federal Government, State Government and Australian Taxation Office Support for Business

### Federal Government Support

- **Tax-free payments** of up to \$100,000 for eligible small and medium businesses (i.e. with an aggregated turnover of less than \$50 million that employ staff) based on their PAYG withholding obligations.
  - The payment will be delivered by the ATO as a credit in the activity statement system upon lodgement of your March BAS from 28 April 2020.
  - Eligible businesses that withhold PAYG on their employees' salary and wages will receive a 100% payment up to a maximum of \$50,000 based on PAYG withholding for March & June quarters in 2020. These businesses will also be eligible for an additional payment equal to the amount received earlier, up to \$ 50,000 in the July – October 2020 period provided your business continues to be active.
  - Eligible businesses that pay salary and wages will receive a minimum payment of \$10,000, even if they are not required to withhold PAYG during March & June 2020 quarters together with an additional payment up to another \$10,000 in the July – October 2020 period.

Click [here](#) for a link to a fact sheet provided by the Australian Government on how payment will work which includes practical examples.

- From Thursday 12 March 2020, the **instant asset write-off** threshold has been increased from \$30,000 (for businesses with an aggregated turnover of less than \$50 million) to **\$150,000** (for businesses with an aggregated turnover of less than \$500 million) for all assets installed and ready for use prior to **30 June 2020**.
- A time-limited **15-month investment incentive** (through to 30 June 2021) which will operate to accelerate certain depreciation deductions. This measure will be available to all businesses with a turnover of less than \$500 million. This measure will allow an immediate deduction of 50% of the cost of an eligible asset on installation, with existing depreciation rules applying to the balance of the asset's cost. This measure will only apply to new depreciating assets first used, or installed ready for use, by 30 June 2021.
- **Wage subsidies** to support the retention of **apprentices and trainees** – Employers with **less than 20 full-time employees** may be entitled to apply for Government funded wage subsidies amounting to 50% of an apprentice's or trainee's wage for up to nine months from 1 January 2020 to 30 September 2020. The maximum subsidy for each apprentice/trainee is \$21,000. Importantly, where an employer is not able to retain an apprentice, the subsidy will be available to a new employer that employs that apprentice irrespective of the number of full-time employees. Employers can register for the subsidy from early-April 2020. Final claims for payment must be lodged by 31 December 2020.
- The Government will provide a security guarantee of 50% to **banks to support new short-term unsecured loans** to businesses with a turnover up to \$50 million. The Government will provide eligible lenders with a guarantee for loans with the following terms:
  - Maximum total size of loans of \$250,000 per borrower.





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- The loans will have a term of up to three years, with an initial six-month repayment holiday.
- The loans will be in the form of unsecured finance, meaning that borrowers will not have to provide an asset as security for the loan.
- Loans will be subject to lenders' credit assessment processes with the expectation that lenders will look through the cycle to sensibly consider the uncertainty of the current economic conditions
- **Temporary relief for financially distressed businesses** - As a way of providing a safety net for businesses during this difficult period the government has made certain temporary changes (for 6 months) by;
  - Increasing the threshold for creditors issuing a statutory demand for business from \$2,000 to \$20,000 and at a personal level from \$5,000 to \$20,000.
  - Increasing the time period from 21 days to 6 months for debtors to respond to bankruptcy notices
  - Providing temporary relief for directors from any personal liability from trading whilst insolvent (Egregious cases of dishonesty and fraud will still be subject to criminal penalties)

## Victorian State Government Support

- **Payroll tax waived** in 2019-20 for eligible businesses with taxable wages up to \$3 million. The same businesses will also be able to defer payroll tax for the first three months of the 2020/21 financial year until 1 January 2021.
- \$500 million to establish a **Business Support Fund**. The fund will support the hardest hit sectors, including hospitality, tourism, accommodation, arts and entertainment, and retail.

## Australian Taxation Office Support

The Australian Taxation Office will also be providing support to businesses experiencing difficulties due to the impact of COVID-19. The support includes;

- Payment deferrals of up to six months
- Ability to change BAS lodgement frequency to monthly so that businesses expecting a refund of GST can access the refund earlier.
- Varying PAYG instalments and ability to request refunds of PAYG instalments previously paid.
- The ATO considering the remittance of interest and penalties incurred after 23 January.

The support offered by the ATO is not automatic and will need to be discussed with them on a case by case basis.

**Should you require any further information or clarity on any of the measures please do not hesitate to contact us.**

