

# Coronavirus Tax Update

Government Coronavirus Stimulus and  
Incentive Summary

Covid-19

CORONAVIRUS

Here at, AH Jackson & Co, Chartered Accountants (AHJ), we value our clients and understand that the current widespread coronavirus outbreak may result in cash flow constraints within your business and personal life. We are here to help and assist you in any possible way to navigate this uncharted turmoil and have summarised the current Federal and Queensland State Government Stimulus Packages available which are as follows:

## Federal Government Economic Stimulus Package

### Tax Free Cash flow Assistance Payment Up to \$25,000 by way of 50% Credit of PAYG Withholding

- Small and medium business entities with an aggregated annual turnover under \$50 million and who employ workers are entitled to receive a payment equal to 50% of PAYG Withholding on Wages up to a maximum of \$25,000 with minimum payment of \$2,000;
- This is applicable for businesses who are required to Withhold PAYG on Wages of employees for the period from 01 Jan 2020 to 30 June 2020;
- **Quarterly lodgers** will be eligible to receive the payment for the quarters ending March 2020 and June 2020;
- **Monthly lodgers** will be eligible to receive the payment for the March 2020, April 2020, May 2020 and June 2020 lodgements. To provide a similar treatment to quarterly lodgers, the payment for monthly lodgers will be calculated at three times the rate (150 per cent) on the March 2020 activity statement
- **Payment** will be made by way of credit to the business *ATO account* upon lodgement of their activity statements. Where this places the business in a refund position, the ATO will deliver the refund within 14 days.
- The minimum payment of \$2,000 will be applied to the business' first lodgement **i.e on March 2020 BAS/IAS**.

### Instant Assets Write Off Increased from \$30,000 to \$ 150,000:

- 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) until 30 June 2020.
- i.e. if you require any tools/equipment for your business, you are entitled to claim 100% of the cost as an expense (Up to the limit – Motor Vehicle Limit remains at \$57,581) rather than depreciate over a number of years, thus reducing your taxable income and the tax payable for the year ended 30 June 2020.

### Wage subsidies to support the retention of apprentices and trainees

- Employers with less than 20 full-time employees may be entitled to apply for a Government funded wage subsidy 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 ie \$7,000 per quarter.
- Details of this are still being finalised so please contact us directly if you would like further information

### Accelerated depreciation

- The government is proposing an accelerated depreciation deduction for eligible assets acquired from 12 March and **first used or installed** by 30 June 2021.

- Eligible taxpayers will receive a deduction of 50 per cent of the cost of the eligible asset on installation, with existing depreciation rules applying to the balance. Eligible businesses are those with an aggregated turnover below \$500 million.
- Eligible assets are those that can depreciated under Division 40 of the Income Tax Assessment Act 1997 (that is plant, equipment and specified intangible assets, such as patents), but does not apply to second-hand Division 40 assets, or buildings and other capital works depreciable under Division 43.

### **Direct payment to individuals - \$750**

- The government will make a one-off payment of \$750 to around 6.5 million social security, veterans and other income support recipients and eligible concession card holders residing in Australia.

## **ATO Support for Business**

### **No change - Super Guarantee Payments**

- Please note employers will still need to meet the super guarantee obligations for their employees.
- By law, the contribution due date can't vary neither there is any provision to waive the super guarantee charge where super guarantee payments are late or unpaid. Superannuation guarantee payments are still due by the 28th day at the end of each quarter ie 28 January, 28 April, 28 July, 28 October

### **Pay As You Go (PAYG) Instalments**

- If you currently are required to pay quarterly PAYG instalments you may **vary your** PAYG instalments on your Activity Statement for the **March 2020 quarter**.
- You can do this by lodging **a revised** activity statement before your instalment is due.
- Businesses that vary their PAYG instalment rate or amount can also claim a refund for any Instalments made for the September 2019 and December 2019 quarters if their business has been effected by the coronavirus pandemic.

*Nevertheless, your business is still required to pay tax on taxable profits for the financial year. Where PAYG instalments are varied down, it could result in a larger tax payable position at a later date.*

### **Payment Deferrals up to four (4) Months**

The ATO may allow taxpayers to defer some payments and vary instalments that will be due, such as income tax, activity statements (including PAYG instalments), FBT and excise payments by up to **four months**.

### **Remitting Interest and Penalties**

The ATO has stated it is more likely to consider remitting interest and penalties applied to tax liabilities incurred after 23 January 2020.

### **Low Interest Payment Plans**

If your business has been affected by COVID-19 and you need help to pay your existing and ongoing tax liabilities, businesses can contact to the ATO to discuss entering a low interest payment plan. If you are requiring assistance here please contact our office and we will gladly liaise with the ATO on your behalf.

### **Change GST Reporting Cycle to Monthly GST credits**

- Businesses on a quarterly reporting cycle may elect to change their GST reporting and payment to monthly, to get quicker access to GST refunds. You can only change from the start of a quarter, so a change now will take effect from 1 April 2020.
- Changing your GST reporting cycle to monthly doesn't mean you have to change your PAYG withholding reporting cycle.
- Once you choose to report and pay GST monthly, you must keep reporting monthly for 12 months before you can elect to revert to quarterly reporting.

### **Queensland Government Support**

- However, if your GST turnover is more than \$20 million you must pay and report monthly.
- If you're registered for fuel tax credits, and change your GST reporting from quarterly to monthly, you will also need to claim your fuel tax credits monthly.

### **Payroll Tax Deferral to 03 August 2020**

- Businesses which are required to lodge a Payroll Tax Return and pay Payroll Tax are not required to lodge or pay payroll tax for the period February to June 2020 including FY 2019-20 annual returns until the 3rd of August 2020.

### **Interest Free Concessional Loans up to \$250,000**

- The Queensland Government has announced a new \$500 million loan facility, interest free for the first 12 months, to support businesses to retain staff;
- Currently, we are waiting on further details from the Queensland Government on the eligibility and requirements to access the loan and will provide a further update once available.

Each state and territory has released their own economic stimulus package so if you are conducting business in another state or territory and would like further information on these packages feel free to revert to your direct AHJ contact.

Further, if you would like to discuss any of the above measures or the financial impact you are currently facing in general please feel free to email or call (07) 3253 1500.



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