



Business and Government concessions: COVID-19 response

Government Announcement – Bill passed 23 March 2020

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1. Federal Government (available to all SMEs)

The Australian Government has thus far announced 2 Economic Stimulus packages to the sum of \$189 billion.

The package includes both cash and tax incentive measures, as followed:

Real, Cash Money for Small Business Owners

a) 100% Cashback on PAYG Withholding, up to \$100,000 in total

- Business entities with annual aggregated turnover of less than \$50 million that withhold tax to the ATO on their employees' salary and wages will receive a 100% tax-free 'cash back' of up to \$50,000 (and a minimum of \$10,000) on your PAYG Withholding on wages between 1 January 2020 and 30 June 2020.
- A second tranche of tax-free, cash back payments of up to \$50,000 (and a minimum of \$10,000) on your PAYG Withholding on wages will also be paid for the period 1 July 2020 - October 2020
- So, to summarise - the cash back is calculated on 100% of PAYGW of wages, paid in 2 separate calculation periods:
- The payment will be tax free and delivered by the ATO as a credit in your Business Activity Statement (BAS) system effective from 28 April 2020. Any existing debt with the ATO this will be offset against your existing liability.

Summary:

Calculation Period (2020)	Calculation Method	Benefit
1 Jan – 30 Jun	100% of PAYGW	Capped at \$50,000 for the period, with a minimum of \$10,000
1 Jul – 31 Oct	100% of PAYGW	Capped at \$50,000 for the period, with a minimum of \$10,000

A couple of other points on this:

- The payments will only be available to active eligible employers (other than charities) established prior to 12 March 2020.
- Quarterly BAS lodgers will get the credit in the June-20 quarter BAS. Monthly IAS lodgers will get a credit of 100% from the March-20 IAS up to the June-20 IAS.
- If you take your 'salary' as a dividend or directors drawing and want to maximise your 'cash back', you could explore changing the treatment of your remuneration from drawings to salary...
 - Note: We're waiting to see the legislation to determine whether there will be any integrity rules for closely held payees, or controllers of private companies and trusts paying themselves.
- If you have an existing debt with the ATO this benefit will offset your existing liability.

How to apply?

This credit will automatically be processed upon lodgement for your BAS and IAS.

b) 50% subsidy on apprentice wages, up to \$21,000

- Eligible employers can apply for a wage subsidy of 50% of apprentice or trainee wages for up to 9 months from 1 January 2020 to 30 September 2020 (up to a maximum of \$21,000 per eligible apprentice or trainee).
- If a small business is not able to retain an apprentice, the subsidy will be available to a new employer that employs that apprentice.

How to apply?

Employers can register for the subsidy from early April 2020 with final claims for payment due by 31 December 2020.

Tax incentives for Small Business Owners

Businesses with aggregated annual turnover of less than \$500 million per annum will be entitled to accelerated depreciation deductions.

a) Instant asset write-off increase

For new or second-hand assets first used or installed ready for use from 1 July 2019 until **30 June 2020**, the instant asset write-off threshold will be increased from \$30,000 to \$150,000.

The threshold applies on a per asset basis, so eligible businesses can immediately write-off multiple assets.

The threshold will revert to \$1,000 for small businesses (for businesses with a turnover less than \$10 million) from 1 July 2020.

b) 50% investment incentive

Eligible businesses will be able to deduct 50% of the cost of an eligible asset upon installation. Assets must be acquired after 1 July 2019 and first used or installed by **30 June 2021**.

There is no asset value threshold for this 50% investment incentive and the existing depreciation rules will continue to apply to the remaining balance of the asset's cost over its effective life.

An eligible asset will generate the immediate deduction of 50%, in addition to the normal depreciation deduction for the year.

A couple of other points on this:

- It's important to note that these are tax incentives, not cash back incentives. In other words, you need to spend the money, and pay income tax in order to get the tax benefit.
- The tax benefits will be applicable for your FY20 and FY21 tax returns, which means you won't see any benefit until you've lodged your 2020 and 2021 returns.

How to apply?

This credit will be processed on the preparation and lodgement for your 2020 and 2021 income tax returns.

Tax Payment Deferrals

The ATO is providing SMEs payment deferral concessions for businesses directly impacted by COVID-19.

They are outlined as followed:

- Deferring by up to 4 months the payment date of amounts due through the business activity statement (including PAYG instalments), income tax assessments, fringe benefits tax assessments and excise.
- Allow businesses on a quarterly reporting cycle to opt into monthly GST reporting in order to get faster access to GST refunds they may be entitled to.
- Allowing businesses to vary Pay As You Go (PAYG) instalment amounts to zero for the 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.
- Remitting any interest and penalties, incurred on or after 23 January 2020, that have been applied to tax liabilities.
- Working with affected businesses to help them pay their existing and ongoing tax liabilities by allowing them to enter into low interest payment plans.

A couple of very important things to note:

- You will still need to pay Superannuation –
- The ATO assistance is not automatic, contact our office, who will approach the ATO to request assistance, and if eligible, the ATO will ‘tailor’ the assistance package for you.

How to apply?

Non- Fishburn Gardner clients can call the ATO’s Emergency Support Infoline on **1800 806 218** to discuss relief options based on their needs and circumstances.

Government underwritten, Cash flow loans for SMEs

- The Government will provide a guarantee of 50% of new loans written by banks and SME lenders to support new short-term unsecured loans to SMEs.
- Important clarification - **this does not mean the Federal Government is issuing loans directly.**
- It means that the Government is providing a guarantee to banks and SME lenders to reduce their risk to provide unsecured loans to SMEs that need the cash for working capital.

So, what does this mean for me?

- Expect a new type of loan product issued by the banks and lenders, tailored for SMEs that have been directly disrupted by COVID-19

How to apply?

- Contact your bank/lending institution about this package.
- Refer to the ‘Coronavirus SME Guarantee Scheme’ and ask what new loan products are available to assist.

2. State Government

1) Victoria

Payroll Tax Concessions

- Businesses with annual taxable wages up to \$3 million will be eligible for full refunds of payroll tax for 2019–20 — cash payments will start flowing next week and will save eligible business up to \$113,975 a year. This assistance is a cash refund, not a loan
- Eligible businesses must continue to lodge returns but do not need to make further payments for the 2020 financial year.
- The same businesses will be able to defer any payroll tax for the first 3 months of 2020 –21 until 1 January 2021
- The State Revenue Office will directly contact eligible businesses in relation to reimbursement for payroll tax already paid in the financial year.

How to apply?

- The State Revenue Office will directly contact eligible businesses in relation to reimbursement for payroll tax already paid in the financial year.
- Expect an email from them!

Other Concessions

- Commercial tenants in government buildings can apply for rent relief — a move private landlords are also being encouraged to undertake
- 2020 land tax payments will be deferred for eligible small businesses
- the hospitality sector will be supported by liquor licensing fees being waived for 2020 for affected venues and small businesses.
- the Vic Government will pay all outstanding supplier invoices within 5 business days; and
- more details available [here](#)

2) New South Wales

Payroll Tax Concessions

For businesses whose total grouped Australian wages for the 2019/20 financial year is less than \$10M:

- will have their annual tax liability reduced by 25% when they lodge their annual reconciliation, which is due on 28 July.
- For those customers who lodge and pay monthly will have no payment required for the months of March, April or May 2020 will be required. i.e.. the payroll tax is completely waived
- When lodging your annual reconciliation, you will still need to provide wage details paid in these months and will receive the benefit of a 25% reduction in the amount of tax you would have had to pay for 2019-20.

How to apply?

This will be automatically applied for the payroll tax returns covering above mentioned periods.

3) Western Australia

Payroll Tax Concessions

- The payroll tax threshold will be increased to \$1 million on 1 July 2020. This brings the increase forward from the planned date of 1 January 2021 and will result in approximately an additional 300 businesses no longer being liable for payroll tax. The threshold increase will be reflected in Revenue Online when it comes into effect.
- Employers, or groups of employers, who pay \$7.5 million or less in Australian taxable wages and have been directly or indirectly impacted by COVID-19 can [apply to defer their monthly payroll tax payments](#) until 21 July 2020.
- A one-off grant of \$17,500 will be available for employers, or groups of employers, whose annual Australian taxable wages are more than \$1 million and up to \$4 million. For a group of employers, a single grant will be payable to the designated group employer. You do not need to apply for the grant. Grants will automatically be paid by cheque from July but there will be delays for taxpayers whose tax status changed in 2018-19 or who became liable for payroll tax during the 2018-19 or 2019-20 assessment year. Eligible taxpayers should log in to [Revenue Online](#) to ensure their postal address is correct.

3. Banks and Lending Institutions

Specific COVID-19 concessions have been announced by the following banks:

1) CBA

- Deferring repayments on a variety of business loan and overdraft products, for 6-months.
- Reducing commercial interest rates by 0.25
- Waiving merchant terminal fees for impacted customers with CBA payment terminals, for 90 days.
- Waiving early redraw fees on business term deposit accounts (including Farm Management Deposit accounts).
- Waiving establishment fees and excess interest on Temporary Excess products.
- Deferring repayments on vehicle and equipment finance loans and providing tailored restructuring options that meet individual customer needs.

How to apply?

[More information can be found here](#)

2) ANZ

- Suspending interest repayments
- Deferral of business loan repayments for up to 6 months, assessed on a case-by-case basis
- Providing early access to term deposits without incurring break fees
- Providing access to additional credit subject to approval

How to apply?

Contact ANZ or your relationship manager.

3) NAB

- Deferral of business loan repayments for up to 6 months, assessed on a case-by-case basis
- Extension of a business loan term by a period of up to three months, where individual circumstances warrant
- Support to restructure existing business loans, including equipment finance
- Business credit card deferred repayments.

How to apply?

Contact NAB or your relationship manager on 1300 769 650 (Monday to Friday 8am-6pm AEST/AEDT)

4) Westpac

- Continuing its hardship assistance program
- Deferral of business loan repayments for up to 6 months, assessed on a case-by-case basis

How to apply?

Contact Westpac or your relationship manager

5) Bendigo

- Home Loan and Business Loan customers can apply for relief on loans for up to three months
- Waiver of fees for the restructuring or consolidation of loans
- Credit card customers can apply for an emergency credit card limit increase
- Discounted interest rates on new personal loans taken out by existing Bendigo Bank customers
- Waiver of interest rate reduction for early withdrawals on term deposits prior to maturity
- Deferral of payments and extensions for Equipment Finance on a case by case basis

How to apply?

Contact Bendigo or your relationship manager