

COVID-19 Government Assistance Guide

A business guide to financial and regulatory assistance during the COVID-19 pandemic

April 2020



Edition 1

Current as at 28 April 2020

Index

Introduction	3
Financial Assistance for Business Owners	4
1. Employer Cash Flow Boost	4
2. JobKeeper Payment	6
3. Wages assistance for apprentices & trainees	8
4. Banking Relief - loan repayments & credit	10
5. State and Territory Business grants	12
Tax System changes and support for Business	13
6. Expanded instant asset write off	13
7. Deductions for eligible assets	16
8. ATO support measures	19
9. Payroll Tax	21
Rules and Regulatory Relief of Business	24
10. Solvency and bankruptcy laws	24
11. Commercial rent arrangements	27
Individual Assistance	30
12. Superannuation – early access	30
13. Reduction of superannuation drawdown rates	32
14. JobSeeker Payment	33
15. Coronavirus Supplement Payment	36
16. Economic Support Payment	37
17. Childcare	38
18. Where and who to contact for further information and assistance?	39

Introduction



COVID-19 Government Assistance Guide

COVID-19 has rapidly affected almost every aspect of our lives, our society and our businesses, as Governments around the world have been forced to respond in substantial and unprecedented ways to help contain the risk. These measures have effectively paused large parts of our economy.

In response the Commonwealth, along with state and territory governments have announced a range of support measures to try to keep businesses afloat and to keep workers in jobs so that we can restart quickly once COVID-19 is under control.

We have designed this guide to provide a general overview around what financial and regulatory relief governments are providing to businesses affected by COVID-19 and their employees, as well as answering some of the more common questions that are arising for businesses.

The material in this guide is of a general nature and should not be regarded as legal or financial advice or relied on for assistance in any particular circumstance or situation. In any important matter, you should seek appropriate independent professional advice in relation to your own circumstances including but not limited to legal, tax and accounting advice. The Australian Chamber of Commerce and Industry accepts no responsibility or liability for any damage, loss or expense incurred as a result of the reliance on information contained in this guide.

1. Employer Cashflow Boost

The Government is providing temporary cash flow support of up to \$100,000 for eligible small and medium-sized businesses, and not-for-profits (NFPs) that employ staff to help with their cash flow so they can keep operating, pay their rent, electricity and other bills and retain staff.

1.1 What is a Cash flow boost?

A cash flow boost is a credit applied against other tax liabilities in a businesses activity statement and any excess is then refunded to the business, when they lodge their activity statement (rather than being offset against any other tax debts a business might have with the ATO).

The credit will generally be equivalent to the amount withheld from wages paid to employees for each monthly or quarterly period from March to June 2020.

In practice, this means a business will typically get to keep the amounts they have withheld from payments for these periods.

The cash flow boost will be made to employers tax-free, across two rounds.

1.2 Eligibility

1.2.1 Who is eligible for the cash flow boosts?

Small and medium businesses, including not-for-profit organisations, sole traders, partnerships, companies and trusts) that:

- Held an ABN on 12 March 2020 and continue to be active.
- Have an aggregated annual turnover under \$50 million (generally based on the previous income year).
- Made eligible payments to employees subject to withholding (even if the amount withheld is zero) such as: salary and wages, director fees, eligible retirement or termination payments, compensation payments and voluntary withholding from payments to contractors.
- Have lodged, on or before 12 March 2020 at least one of:
 - A 2018-2019 income tax return showing that you had included in your assessable income in relation to you carrying on a business. OR
 - An activity statement or GST return for any tax period that started after 1 July 2018 and ended before 12 March 2020 showing you made a taxable, GST-free or input-taxed sale.

EXAMPLE – Eligible business

Josh has been running a café in Melbourne since 2015. He has held an ABN since 2015 and pay wages to his chefs and waiters every fortnight.

Josh's income tax return for 2018-2019 is not due until May 2020. However, he has lodged all his activity statements since July 2018.

Josh is eligible to receive a cash flow boost.

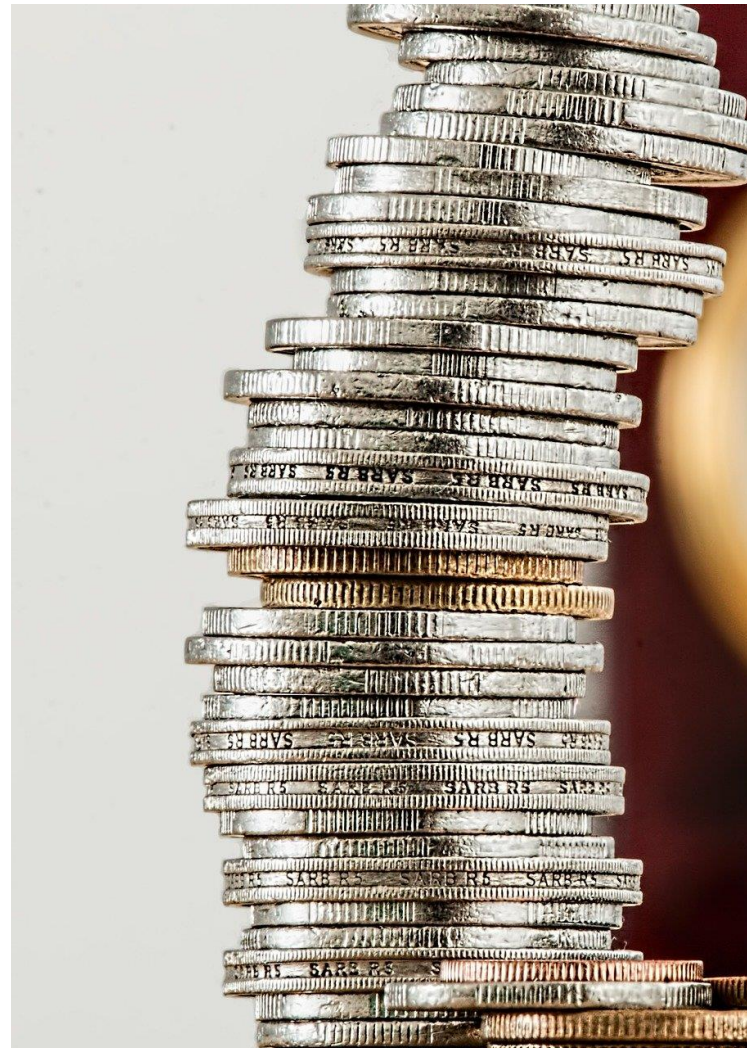
1.3 Payment Process

1.3.1 Does a business need to apply in order to get the payment?

Provided that an eligible business has lodged its activity statement, the ATO will automatically calculate cashflow boost payments and credit a business's account – no further forms or application are required.

1.3.2 Is the cash flow boost taxed?

No, the cash flow boost received by eligible employers is tax free



1.4 How it works?

1.4.1 First cash flow boost (\$10,000 to \$50,000)

Eligible employers will receive a refundable credit of between \$10,000 and \$50,000 across the following activity statement periods:

- the quarters ending in March 2020 or June 2020
- the months of March 2020, April 2020, May 2020 or June 2020

The credit is broadly calculated as equal to the PAYG withholding tax liability amount for the relevant activity statement period (or three times that amount for the March 2020 activity statement of monthly lodgers).

The minimum cash flow boost of \$10,000 applies in the first activity statement period where there is an eligible payment from which the business is required to withhold (even if the amount you need to withhold is zero). For quarterly lodgers this could be either the March 2020 or June 2020 quarters.

The cash flow boost across all the activity statement periods must not exceed \$50,000 in total and will be applied as a refundable credit to the employers' running balance account with the ATO.

Quarterly lodgers – summary

A credit equal to 100% of the amount of PAYG withheld for March or June 2020 quarter, up to a maximum of \$50,000. The minimum credit will be \$10,000, even if the amount required to be withheld is zero.

Monthly lodgers – summary

A credit equal 300% of the amount of PAYG withheld for March 2020, and 100% for April, May, and June 2020, up to a maximum of \$50,000. The minimum credit will be \$10,000, even if the amount required to be withheld is zero. Additional credits may be received for April and May, but the total credits received will not exceed a credit of \$50,000.

EXAMPLE – First Cash Flow Boost

Sarah owns and runs a building business in South Australia and employs eight construction workers on average full-time weekly earnings who each earn \$89,730 per year. In the months of March, April, May and June for the 2019–20 income year, Sarah reports withholding of \$15,008 for her employees on each activity statement.

For March 2020, Sarah's initial cash flow boost is three times her withholding. This equates to \$45,024 ($\$15,008 \times 3$). As this amount is greater than \$10,000, Sarah will receive a cash flow boost of \$45,024.

For April 2020, Sarah's withholding is \$15,008, however there is only \$4,976 of initial cash flow boosts remaining before she reaches the \$50,000 limit. She will receive a further initial cash flow boost of \$4,976.

Sarah will not receive any further initial cash flow boosts after she has reached the \$50,000 limit

1.4.2 Second Cash Flow boost (\$10,000 to \$50,000)

The second cash flow boost is an amount equal to the total of the first cash flow boost payable in equal instalments on lodgment of the GST returns for either:

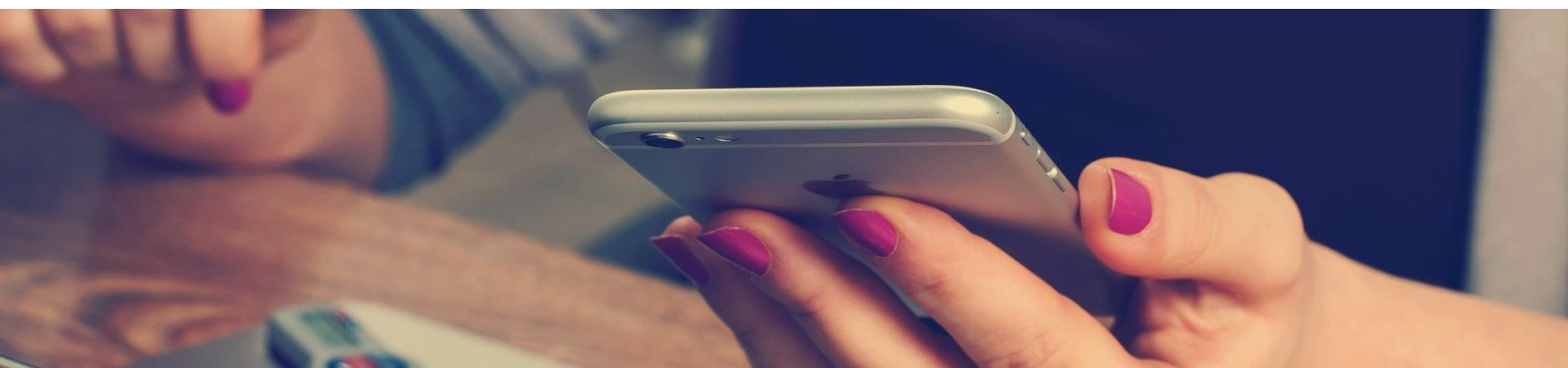
- the months of June, July, August and September 2020; or
- the June and September 2020 quarters.

Quarterly lodgers - summary

50% of the total initial cash flow boost for the quarter ended June and September.

Monthly lodgers - summary

25% of the total initial cash flow boost for June, July, August and September.





2. JobKeeper Payment

As businesses know, employees are among the most valuable asset in a business and having employees being ready and prepared to hit the ground running once the crisis passes is going to be critical.

The Commonwealth Government is providing financial support to businesses significantly affected by COVID-19 to help keep more Australians in jobs by paying a wages subsidy known as the JobKeeper Payment.

Eligible employers will be reimbursed a fixed amount of \$1,500 per fortnight for each eligible employee. Employers need to first pay eligible employees a minimum of \$1,500 (before tax) per fortnight to claim the JobKeeper payment. This is then paid back to the employer in arrears each month by the ATO.

Enrolment for the JobKeeper scheme commenced on **20 April 2020** via the Business portal on myGov.

See [ACCI's JobKeeper Payment – Employer Guide](#) for full details about the JobKeeper scheme, including eligibility of employers and employees, options to support job retention and business recovery, and additional information in relation to the practicalities of implementing the JobKeeper scheme in a business.

2.1 Temporary Fair Work Changes for employers and employees on JobKeeper

New temporary amendments to the Fair Work Act were also made on 8 April 2020 to support the practical operation of the JobKeeper scheme.

If an employer qualifies for the JobKeeper scheme, and is entitled to JobKeeper payments) for a particular employee, additional options will be available to that employer in relation to that employee/s. This applies

for the period from 30 March to 27 September 2020. Employers should wait until they have confirmation from the ATO that they are eligible before they seek to avail themselves of any of these options.

These measures set out below apply despite any limitations in a 'designated employment provision' such as the stand down provisions of the Fair Work Act, a contract of employment, or a fair work instrument such as an enterprise agreement or award.

2.1.1 Direction to work fewer days or hours

An eligible employer may give a 'JobKeeper enabling stand down direction' to work fewer days or hours to an eligible employee who cannot be usefully employed for the employee's normal days or hours because of business changes attributable to the COVID-19 pandemic or government initiatives to slow COVID-19 transmission.

The number of hours can be reduced to nil, that is, a complete stand down.

2.1.2 Direction to perform different duties

An eligible employer may direct an eligible employee to perform any duties within their skill and competency, so long as:

- the duties are safe
- the employee is licensed and qualified to perform the duties; and
- the duties are reasonably within the scope of the employer's business operations.

Employers should ensure the direction is not unreasonable in all of the circumstances, as employees may then be able to refuse.

2.1.3 Direction relating to location of work

An eligible employer may direct an eligible employee to perform duties at a place (including the employee's home) that is different from the employee's normal workplace, if:

- the place is suitable for the employee's duties;
- the place does not require the employee to travel an unreasonable distance;
- performance of the employee's duties at the place is safe, having regard to the nature and spread of COVID-19; and
- reasonably within the scope of the employer's business operations.

For the direction to apply, employers should ensure the direction is reasonable in the circumstances, including taking into consideration any impact on caring responsibilities of an employee.

2.1.4 Request to work different days or times

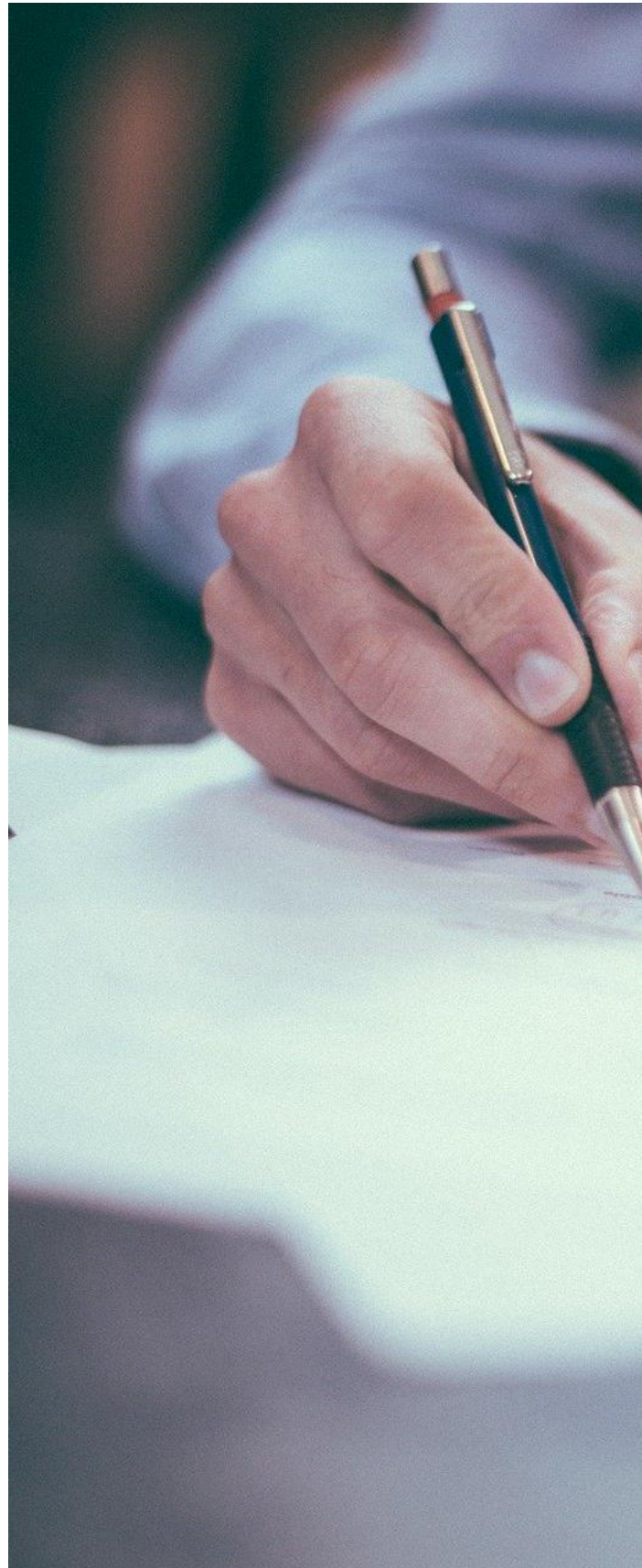
Eligible employers can request employees perform work on different days or at different times during a period, compared with the employee's ordinary days or times of work. The request will be permitted where:

- performance of the duties on different days or at different times is safe, having regard to the nature and spread of COVID-19 and reasonably within the scope of the employer's business operations, and
- the agreement does not reduce the employee's number of hours of work compared with the employee's ordinary hours of work.

An employee cannot unreasonably refuse the employer's request for agreement to the changed arrangements.

2.1.5 Request to take annual leave

Employers can request that employees take annual leave, down to a balance of two weeks / 10 days. Employees must not unreasonably refuse such a request. There is also scope to agree to the taking of double annual leave at half pay.



3. Wages assistance for apprentices and trainees

The two key areas of support for the employment of apprentices and trainees is the 50% wage subsidy announced in the first tranche of government measures and the JobKeeper Payment. Employers will need to examine their own circumstances to determine which of the support measures applies to them. As a general proposition, small businesses where turnover has declined less than 30% will most likely apply for the wage's subsidy throughout its term. For businesses with a greater than 30% decline, a likely path would be to apply for the subsidy for the first quarter of 2020 and then apply for the JobKeeper Payment.

3.1 Apprentice Wage Subsidy

3.1.1 Which businesses are eligible for the 50% apprentice wage subsidy?

The following businesses are eligible for the 50% apprentice wage subsidy:

1. Eligible employers are those **employing fewer than 20 FTE as at 1 March 2020**.
 - They could have been a medium sized business when they took on the apprentice but if they were under 20 on 1 March they are still eligible.
2. **Group Training Organisations** are eligible to seek the subsidy for those apprentices who as at 1 March were hosted by small businesses.
 - There is no cap on the number that GTOs can seek a subsidy for provided they were hosted in small businesses as at 1 March 2020.
3. **Any sized business or a GTO** can seek a subsidy for an **apprentice or trainee displaced** provided that the apprentice was employed and then had their contract terminated by a small business after 1 March 2020.
 - There is no subsidy attached to taking on a displaced apprentice who was employed by a larger business or who was displaced prior to 1 March 2020.

Employers (who have taken on an apprentice under what is often called the "bush apprenticeship" program (which had wage subsidies of 75%, 50% and 25% in the first three years) are **not eligible** for these additional wage subsidies as the earliest they would have put someone on was 1 January 2019 so they are already receiving more or the same in subsidy as this 50% wage subsidy).

3.1.2 Which employees are eligible?

All apprentices and trainees in all industries are eligible so long as they meet the following criteria:

- Under a contract of training
- Registered in the Australian apprenticeship system AND
- In the employment of eligible employers as at 1 March 2020

Interns, work experience students and cadets who are not under an apprenticeship contract of training are not eligible.

3.1.3 What is the amount of the subsidy?

50% of gross wages paid but not superannuation up to a **maximum of \$21,000** per eligible apprentice or trainee (\$7,000 per quarter).

It is to be paid over 9 months from 1 January 2020 to 30 September 2020.

3.1.4 How can a business apply for the subsidy?

From 2 April 2020, employers can apply through their Australian Apprenticeship Support Network (AASN) provider. There will be a single form, plus the employer will have to provide a summary of wages paid. Once eligibility has been checked this will be submitted by the AASN, 50% of the 1st quarter's wages (1 Jan to 31 March) will be paid into the employer's bank account as early as the 3rd week in April. Extra staff will be employed by the department to deal with the additional processing load.

Applications for the second quarter's subsidy would be in July, and for the 3rd and final quarter in September. All claims need to be made by 31 December 2020. Prior to that date, an eligible employer with an eligible apprentice can claim the wage subsidy at any time and it would still apply to any wages paid after 1 January 2020.

3.1.5 Where can a business get full details on the subsidy?

The government Guidelines can be found at this [website](#), with the subsidy information starting at page 90.





EXAMPLE: Small Business

David's Plumbing is a small business that employs 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 are eligible for Supporting Apprentices and Trainees which pays 50 per cent of the apprentices' wages that have been paid by David's Plumbing since 1 January 2020.

David's Plumbing will receive:

- \$9,059 subsidy for employing Taylor for 6 February 2020 to 30 September 2020; and
- \$15,068 subsidy for employing Lisa for 1 January 2020 to 30 September 2020.

3.2 Interaction between the apprentice wage subsidy and JobKeeper?

3.2.1 Are apprentices and trainees eligible for the JobKeeper payment?

Yes, provided that they meet all of the relevant employee eligibility requirements (See the ACCI JobKeeper Payment Employer Guide section 1 for details on eligibility).

3.2.2 Are employers eligible to receive both the JobKeeper Payment and the Supporting Apprentices and Trainees wage subsidy?

No. The JobKeeper Payment is considered 'equivalent' for the purposes of Supporting Apprentices and Trainees wage subsidy, as it is designed to help businesses cover the costs of their employee's wages. Therefore, an employer will not be allowed to claim both payments simultaneously. For any period where the employer elects to claim the JobKeeper Payment they will not be able to claim the Supporting Apprentices and Trainees wage subsidy.

3.2.3 As the JobKeeper Payment starts on 30 March 2020, can eligible employers claim Supporting Apprentices and Trainees wage subsidy for wages paid during the period 1 January 2020 to 31 March 2020?

Yes, where an eligible employer claims the JobKeeper Payment from 30 March 2020, they will be eligible to claim the Supporting Apprentices and Trainees wage subsidy for wages paid during the period 1 January 2020 to 31 March 2020.

EXAMPLE: Small Business Apprentice

An Apprentice commenced with a small business employer on 2 February 2020. The employer was assessed as eligible for Supporting Apprentices and Trainees wage subsidy for retaining the Australian Apprentice. The employer then registers with the ATO and is assessed as eligible for the JobKeeper Payment from 30 March 2020.

The employer will be eligible to claim Supporting Apprentices and Trainees wage subsidy for wages paid from the date of commencement (2 February 2020) to the effect date (31 March 2020). After this claim, the employer will no longer be eligible for Supporting Apprentices and Trainees wage subsidy as they are in receipt of the JobKeeper Payment.

3.2.4 Where an employer is not eligible for the JobKeeper payments, can they still be assessed as eligible for Supporting Apprentices and Trainees subsidy?

Yes. Employers should contact their Australian Apprenticeship Support Network Provider for assistance.

Please find more information on the Supporting Apprentices and Trainees wage subsidy [here](#) and [FAQs](#).

4. Banking Relief – loan repayments & credit

The Government, the Reserve Bank of Australia, the Australian Banking Association, regulators, and banks have come together to develop a relief package designed to protect the cash flows of small businesses to support them staying in business.

In addition, most banks also have hardship teams designed to assist business owners with their business and financial arrangements.

4.1 Deferred loan repayments

Australia's major banks have agreed to defer repayments on loans to small businesses affected by the COVID-19 pandemic for six months.

4.1.1 How can a business go about getting their loan deferred?

Small businesses can access the payment deferral scheme by registering with their bank. A fast-tracked approval process is being established to provide support as quickly as possible.

4.1.2 Who is eligible?

To be eligible businesses must have less than \$3 million total debt to all credit providers.

Businesses need to be current, and not in arrears as of 1 January 2020.

Some banks are applying these criteria flexibly, so businesses should contact their bank even if they think they might fall outside these criteria.

4.1.3 What evidence needs to be provided about the impact of COVID-19 on the business?

Applicants will self-assess whether their business has been adversely impacted. No further verification will be required.

4.1.4 How long can a loan be deferred for?

Repayments on loans to small businesses affected by the COVID-19 pandemic can be deferred for up to six months.

4.1.5 Does interest still accrue during a business loan repayment holiday?

Yes, interest will continue to accrue during any payment holiday. So, it's important to remember that any interest and charges a business would normally pay during this period will later be added to its outstanding loan balance. The size of the business' repayment will remain unchanged, but the length of the loan will be extended.

4.2 Access to Credit

The Coronavirus SME Guarantee Scheme is designed to provide small and medium sized business with access to working capital to help them get through the impact of COVID-19.

Under the Scheme, the Government will provide a guarantee of 50% to eligible lenders for new loans of up to \$250,000 issued to SMEs. This aims to enhance lenders' willingness and capability to provide credit /additional funding to SMEs.

4.2.1 How will the Scheme help businesses facing cash flow difficulties?

Eligible businesses can apply for a new loan of up to \$250,000 to assist with cash flow needs, such as rent and staff expenses.

The loans will be available for a term of up to three years. A six month repayment holiday will be available on all loans.

4.2.2 Who is eligible for the Scheme?

The Scheme is available to all active Australian businesses (including non-profit businesses with an ABN, and self-employed individuals) with a turnover of less than \$50 million in the previous financial year, or an expected turnover of less than \$50 million in the current financial year.

Note that access to the loans will ultimately be a decision for participating lenders. A credit assessment process will still be undertaken to ensure the businesses can pay the loan back. The Government has advised however that lenders are expected to look through the current COVID-19 crisis to sensibly take into account the uncertainty of current economic conditions, and focus on whether the business can repay the loan in the future.

4.2.3 How is the Scheme accessed?

Businesses wishing to apply for a loan should contact their participating lender of choice.

Participating lenders are required to consider applications from new customers, so businesses are not restricted if their current financial institution is not participating or is not their preferred choice.

4.2.4 What are the participating lenders?

The Government has made 34 offers to lenders wishing to participate in the Scheme. The current list of participating lenders is available [here](#).

4.2.5 When can the Scheme be accessed?

The Scheme commences from April 2020, so businesses can contact participating lenders now. The Scheme will be available for new loans until 30 September 2020.

4.2.6 What type of loans are available?

Loans must be used for business purposes only, and they must be used to support current and upcoming cash flow needs (for example, rent and staff expenses).

The loans will be unsecured. This means that businesses will not have to provide an asset as security. A range of loan types may be made available, including overdrafts and term loans. Credit card facilities (including charge cards) are not eligible under the Scheme.

As part of the loan products available, the Government has encouraged lenders to provide facilities that only have to be drawn if needed by the SME (for example, overdrafts). This will mean that the SME would only incur interest on the amount they actually draw down. If they do not draw down any funds from the facility, no interest will be charged, but they will retain the flexibility to draw down funds should the need arise.

4.2.7 What is the interest rate?

The interest rate is determined commercially by lenders. Businesses should investigate their options and take appropriate financial advice before committing to any loan.

4.2.8 What if the business cannot repay the loan?

If the borrower is unable to meet repayments, lenders will follow usual default processes.

4.3 What other support can businesses get from their bank?

Individual banks may choose to tailor additional measures to their small business customers experiencing financial hardship during these times.

Other assistance might include for example fee waivers, loan restructuring, reduced interest rates, and further credit offered to get through the pandemic.

Most banks also have hardship teams to assist business owners with their business and financial arrangements, particularly during the pandemic crisis. Businesses are encouraged to contact their financial institution to discuss the options available to them. Contact details can be found in **Annexure A**.



5. State and Territory Government Grants

Across Australia state and territory government have launched grant programs in a bid to help keep business afloat. The below table sets out the current COVID-19 grants available in each state and territory.

State	Government Grant	Further Details
NSW	<ul style="list-style-type: none"> The NSW COVID-19 Small Business Support Grant of \$10,000 is available to eligible NSW small business owners who have experienced significant decline in revenue as a result of COVID-19. 	<ul style="list-style-type: none"> Businesses can get further details about the grant and can check their eligibility here. Business can apply here.
VICTORIA	<ul style="list-style-type: none"> The Business Support Fund has been established to help small businesses that have been subject to closure or are highly impacted by the shutdown restrictions announced by the Victorian Government as a result of COVID-19. Funding of \$10,000 per eligible business is available and will be allocated through a grant process. Applications close Monday 1 June 2020 	<ul style="list-style-type: none"> Businesses can get further details about the grant and can check their eligibility here. Businesses can apply here.
SOUTH AUSTRALIA	<ul style="list-style-type: none"> The South Australian Government is providing \$10,000 emergency cash grants for eligible small businesses highly impacted by COVID-19. Applications close Monday 1 June 2020 	<ul style="list-style-type: none"> Businesses can get further details about the grant and can check their eligibility here. Businesses can apply here.
WESTERN AUSTRALIA	<ul style="list-style-type: none"> Small and medium businesses whose annual Australian Taxable Wages are between \$1 million and \$4 million will receive a one-off grant of \$17,500 to assist them to manage the impacts of COVID-19. Grants will automatically be paid from July 2020, but there may be delays for taxpayers whose tax status changed during the 2018-19 assessment period or who commenced as new employers in 2018-19 and 2019-20 	<ul style="list-style-type: none"> Businesses can get further details about the grant here. No applications are required.
TASMANIA	<ul style="list-style-type: none"> Small Business Emergency Support Grants of \$2,500 are available for businesses under severe hardship. Small Business Hardship grants of \$15,000 are available for those business who have been highly impacted by COVID-19 restrictions and experiencing hardship. Small Business continuity grants of up to \$750 are available toward the cost of engaging the services of a suitably qualified person to advice on business continuity planning. Grants for general practices and community pharmacies to support continued delivery of health services during the COVID-19 pandemic, grants of up to \$10,000 are available as one-off support payments. 	<ul style="list-style-type: none"> Businesses can get further details about the grants and can check their eligibility here.
NORTHERN TERRITORY	<p>The Small Business Survival Fund makes immediate payments to small businesses that have been affected by COVID-19.</p> <p>The immediate survival payment amounts include:</p> <ul style="list-style-type: none"> \$5,000 for businesses with 2 to 4 employees (FTEs) \$20,000 for businesses with 5 to 19 employees (FTEs) \$50,000 for businesses with more than 20 employees (FTEs). 	<ul style="list-style-type: none"> Businesses can get further details about the grant and can check their eligibility here. Businesses can apply here



6. Expanded Instant Asset Write-Off

Under the instant asset write-off eligible businesses can:

- immediately write off the cost of each asset that cost less than the threshold; AND
- claim a tax deduction for the business portion of the purchase cost in the year the asset is first used or installed ready for use.

In response to COVID-19 the Federal Government has made two temporary changes (from **12 March 2020 to 30 June 2020**) to the instant asset write off:

1. increased the instant asset write-off threshold from **\$30,000 to \$150,000**; AND
2. expanded access to include businesses with an aggregated annual turnover of **less than \$500 million (up from \$50 million)**.

This measure is temporary. The instant asset write-off will revert to \$1,000 for small businesses with a turnover less than \$10 million **from 1 July 2020**.

6.1 What is an instant asset-write off?

An instant asset write-off allows an eligible business to claim immediate deductions for a new or second-hand plant and equipment asset purchases such as vehicles, tools and office equipment that cost less than \$150,000. In the past, a business purchasing an asset could only write off a portion of an asset expense over several years. By deducting the full expense in a single year, you can now decrease your taxable income and the tax you owe.

The assets must first be used, or installed for use, in the income year you're claiming for.

This deduction is then able to be claimed on the business's tax return for that income year.

The \$150,000 threshold applies on a per asset basis, allowing businesses to immediately write-off multiple assets.

6.1.1 Does this mean a business can get up to a \$150,000 tax refund for each asset?

No. The \$150,000 Instant Asset Write Off scheme means that a business can reduce the amount of tax it has to pay. If a business is structured as a "company", the most you would "get back" would be the current company tax rate of 27.5%.

6.2 Eligibility

In order to be eligible to use the instant asset right-off the following three criteria must be meet:

- Business eligibility - aggregate turnover requirement (see 6.2.1)
- The asset costs less than \$150,000 (see 6.2.2)
- The asset is used or installed ready for use between 12 March 2020 and 30 June 2020 (see 6.2.3)

6.2.1 Business eligibility - aggregate turnover requirement

Businesses with an aggregated annual turnover of less than \$500 million.

Aggregated turnover is the total ordinary income of your business and that of any associated businesses.

6.2.2 The asset costs less than \$150,000

The entire cost of the asset must be **less than \$150,000**, not including any trade-in amount.

Whether the threshold is GST exclusive or inclusive depends on whether you're registered for GST.

If a business only uses the asset partly for business, then only the business portion of the cost of the asset can be claimed as a tax deduction.

If you buy an asset that comes under the threshold, you can claim the business portion of the asset's use in your tax return for that financial year.

To work out the amount you can claim, you must subtract any private use portion.

The balance (that is the portion you use to earn assessable income) is generally the taxable purpose portion (business purpose portion). While you can only claim the taxable purpose portion as a deduction, the entire cost of the asset must be less than the relevant threshold.

When it comes to trade-ins, the instant asset write-off is assessed based on the full purchase price of the item. For example, as the threshold is \$150,000 currently, if you purchased a motor vehicle for \$157,000, and you also traded in another vehicle for \$10,000, you are not able to state the cost of the vehicle under the threshold at \$147,000 so it can be claimed as an instant asset write-off.

When acquiring these assets, care needs to be taken with the type of finance chosen. Assets that are leased will not be entitled to a deduction for the cost of the asset when entering into the lease arrangement. Under a lease arrangement, the business entity does not own the asset, but just rents it until after the final lease payment has been made. Therefore, businesses should consider other types of finance that result in ownership up-front.

Are there any exclusions or limitations?

- Cars purchased for your business, are limited to the business portion of the car limit of \$57,581 for the 2019–20 income tax year. You cannot claim the excess cost of the car (above this threshold) under any other depreciation rules.
- If you are a small business using the simplified depreciation rules, and the cost of the asset is the same as or more than the relevant instant asset write-off threshold, the asset must be placed into the small business pool.
- Certain new assets that cost more than the instant asset write-off threshold may be able to use the Backing business investment – accelerated depreciation.
- Assets that are leased or expected to be leased for more than 50% of the time on a depreciating asset lease are not eligible.
- Assets that have been allocated to a low-value asset pool before using the simplified depreciation rules are not eligible. A low-value asset is an asset that has depreciated over one or more years and now has a written-down value of less than \$1,000. For low-value assets you can decide whether to allocate them to the pool on an asset-by-asset basis. Once an asset has been allocated to the pool, it must remain there.
- Horticultural plants including grapevines are not eligible.
- Software that is allocated to a software development pool are not eligible under the IAWO
- Capital works deductions are not eligible. Capital works used to produce income, including buildings and structural improvements, are written off over a longer period than other depreciating assets. This includes buildings or extensions, alterations or improvements to a building; alterations and improvements to a leased building, including shop fit outs and leasehold improvements; structural improvements such as sealed driveways, fences and retaining walls and; earthworks for environmental protection, such as embankments.

6.2.3 The asset is used or installed ready for use between 12 March 2020 and 30 June 2020?

Assets must be ready to use: To be eligible to write off your new assets, they must be either installed and in-use, or purchased and ready for use in the same financial year as they were purchased. This means that you can't claim the \$150,000 Instant Asset Write Off for a purchase that was finalized in June 2020, but that won't be installed or operation until September 2020, for example.

What happens if I later sell or dispose of the asset?

If you use the instant asset write-off for an asset and then sell or dispose of that asset, you need to include the taxable purpose portion of the amount you received for the asset in your assessable income for that year.

If you use the instant asset write-off for an asset that is later destroyed (for example, in a bushfire or flood) then the amount you receive (such as from an insurance payout) for the destruction of the asset is included in your assessable income.



6.3 What types of purchases should business owners consider making?

Before making any large purchases, we recommend you speak to your accountant or tax professional and seek specific expert advice to assess how the asset will benefit your business and how the purchase may impact on your cash flow or finances in the short term.

If you decide to take advantage of the instant asset write-off, you should make the decision based on the needs of your business and expert advice based on your circumstances. For example, if you need to purchase a vehicle for deliveries to pivot your business operations to help you stay viable during COVID-19, or because it is in line with your business plan.



EXAMPLE

ABC Building Co Pty Ltd, a company with turnover of \$20 Million, acquires 3 new utility vehicles, each costing \$28,000 + GST) on 10 April 2019. ABC Building Co would be entitled to a tax deduction of \$84,000.

EXAMPLE -

Beyond Interiors is a commercial renovation and store fit out business with an annual turnover of \$20 million. On April 4, the owner James decides to buy a new BMW M3 that is designed to carry passengers, for \$120,000. He decides that once the social distancing measures are lifted he can use the car to inspect properties and drive to client appointments.

The instant asset write-off threshold at the time he first uses the car in the business is \$150,000. The cost of the car for depreciation however is limited to the car limit for depreciation of \$57,581. Beyond Interiors can only claim an instant asset write-off of \$57,581 for the year ending 30 June 2020. The business can't claim the excess cost of the car under any other depreciation rules.

The business also decides to update the utility van and the business purchases a van for \$60,000 on 18 April 2020. The van isn't designed to carry passengers and has been set up with all the trade equipment so the car cost limit for depreciation doesn't apply. James can claim a full deduction of \$60,000 as an instant asset write-off.

James places an order for a new trailer on 15 June and purchases a new trailer for \$20,000 on 15 July 2020. James will not be eligible for the instant asset write off because the purchase date occurs after 30 June. The IAWO reverted to \$1,000 for small businesses with a turnover less than \$10 million from 1 July 2020 and so his business is no longer eligible.

His client, John calls him and asks for a price on a store fit out including a new oven. James quotes him \$90,000 for the store fit out including the \$20,000 for the new oven. James sends the invoice for payment to John and John agrees to the quote, reasoning that he will be able to claim the total amount under instant asset write off rules. When John makes a claim for the fit out he finds that he is unable to claim the cost of the store fit out under the instant asset write off depreciation rules, because capital works deductions are not eligible. John is still eligible to claim the purchase of the oven under instant asset write off rules as it meets the eligibility criteria.

7. Deduction for eligible assets on installation

7.1 Accelerated Depreciation Deduction

The Government has introduced an incentive for business with an aggregated turnover of less than \$500 million for the 2019-20 and 2020-21 income years, to deduct the cost of depreciating assets at an accelerated rate: 50% of the value of an eligible asset in the income year that the asset is first used or installed ready for use for a taxable purpose.

The usual depreciating asset arrangements will apply in the subsequent income years that the asset is held.

The accelerated depreciation deduction is available until 30 June 2021.

Aggregated turnover: a business annual turnover plus the turnover of any business connected with or who is an affiliate entity (excluding amounts derived from dealings between those entities).

Connected or affiliated entities do not need to be Australian residents for tax purposes to be included. For example, connected entities would include non-resident subsidiaries of the entity or non-resident subsidiaries of the entity's ultimate parent company.

7.1.1 What assets are eligible for the accelerated rate of deduction?

To be eligible for the accelerated depreciation deduction, the depreciating asset must:

- Be new and not previously held by another entity
- Be first held on or after 12 March 2020
- First used or first installed ready for use for a taxable purpose on or **after 12 March 2020 until 30 June 2021**
- Not be an asset to which an entity has applied the instant asset write-off rules or depreciation deductions.

Most tangible assets with a limited effective life and can reasonably be expected to decline in value over the time it is used. Depreciable assets include items such as machinery, vehicles, computers, electric tools and furniture. Among the excluded asset classes are trading stock items, land, non-farming buildings and capital works, horticultural plants, water facilities, fodder storage assets and farm fencing. These items all have their own tax treatment.

The following assets are also specifically excluded from accelerated depreciation deductions:

- where a commitment to the asset was entered into before 12 March 2020;
- where the asset is a second-hand asset; and
- assets that are not used or located in Australia
- buildings and other capital works for which you can deduct amounts under Division 43
- some specific Division 40 assets subject to low value and software development pools

An asset is not eligible if there was a commitment to hold the asset before 12 March 2020. This would include entering a contract to acquire the asset, having a lease to use the asset, or commencing construction of the asset before 12 March 2020

Leased assets of small business entities

The restriction on small business entities accessing the small business pool on leased assets has not been removed.

7.1.2 Are second-hand assets eligible?

The accelerated depreciation deduction applies only to the purchase of new assets. Second-hand, previously owned, reconditioned and recycled assets are not eligible.

7.1.3 Are there restrictions on the value of the eligible assets being purchased?

There are no restrictions on the value of the eligible asset that is being purchased, which means this option is particularly relevant for those depreciating assets which are not eligible for the instant asset write-off.

In addition, there is no limit on the number of assets being purchased. The accelerated depreciation deduction applies to all eligible assets, so a business owner can purchase several eligible assets and write-down 50% of the value of each asset.

7.1.4 Is my business eligible for the Accelerated Depreciation Deduction Incentive?

If your business has a turnover of less than \$500 million in the 2019-20 and/or 2020-21 financial years and you purchase an eligible asset that is installed or first used before 30 June 2021 then your business is eligible for the accelerated depreciation deduction.

7.2 Accelerated depreciation deduction process

7.2.1 How do I claim the accelerated depreciation deduction?

When filing a tax return for the 2019-20 and 2020-21 financial years or 2020 and 2021 calendar years, your business can claim a deduction for 50% of the cost of eligible assets first used or first installed ready for use for a taxable purpose on or after 12 March 2020 until 30 June 2021

Existing depreciation rules apply to the balance of the asset's value, such that the remaining 50% is depreciated over the remainder of the effective life of the asset.

In the first year, the business can claim the 50% depreciation deduction, plus the amount of the usual depreciation deduction that would otherwise apply — calculated after first offsetting a decline in value of 50%.

EXAMPLE For an asset with a 10-year effective life with the business applying straight line depreciation, the remaining 50% of the assets value would be claimable as a depreciation deduction at 10% per year (i.e. 5% of the total asset value). In the first year the business would claim a 55% depreciation deduction on the total cost of the asset and a 5% per year depreciation deduction for the remaining 9 years

7.2.2 How does the accelerated depreciation deduction apply to small business using simplified depreciation rules (Small business entity pool)?

Different rules apply for small businesses, with an aggregated turnover of less than \$10 million, using the simplified rules for capital allowances.

If you are a small business using the simplified depreciation rules, those assets over the instant assets write-off threshold, eligible for the accelerated depreciation deduction are added to the general small business pool.

In the year an eligible asset is acquired, the deduction through the pool for the new asset is 57.5% rather than the usual 15%. In later years the asset will be depreciated under the general small business pool rules.



EXAMPLE: Small business

Joan and Bruce own a company, NC Transport Solutions Pty Ltd, through which they operate a haulage business on the North Coast of New South Wales. NC Transport Solutions Pty Ltd has an aggregated annual turnover of \$8 million for the 2019-20 income year. On 1 May 2020, Joan and Bruce purchase a new truck for \$260,000 exclusive of GST, for use in their business.

Under existing tax arrangements, NC Transport Solutions Pty Ltd would depreciate the truck using their small business simplified depreciation pool. Under the pooling rules, NC Transport Solutions Pty Ltd would deduct 15 per cent of the asset's value upon entry to the pool, leading to a tax deduction of \$39,000 for the 2019-20 income year.

Under the new accelerated depreciation deduction arrangement, NC Transport Solutions Pty Ltd would instead claim an up-front deduction of 50 per cent of the truck's value (\$130,000) before placing the asset in their small business simplified depreciation pool. Joan and Bruce would then claim a further 15 per cent deduction on the depreciated value of the truck (\$19,500). As a result of the two deductions, Joan and Bruce are able to claim a deduction totalling \$149,500 in the 2019-20 income year, \$110,500 more than under existing arrangements. At the company tax rate of 27.5 per cent, Joan and Bruce will pay \$30,387.50 less tax in the 2019-20 income year.

This will improve NC Transport Solutions Pty Ltd's cash flow and help Joan and Bruce's business withstand and recover from the economic impact of the coronavirus.

EXAMPLE: Middle-sized business

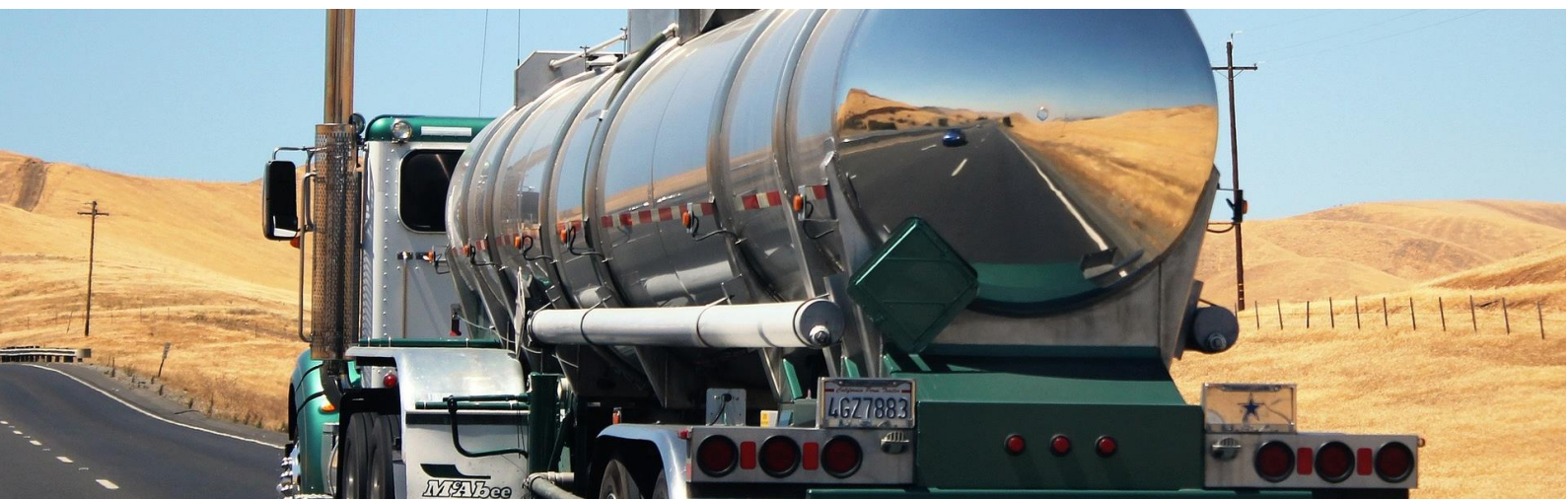
J Construction Solutions Pty Ltd has an aggregated annual turnover of \$200 million for the 2020-21 income year. On 1 July 2020, J Construction Solutions Pty Ltd installs a \$1 million truck mounted concrete pump for use in the business.

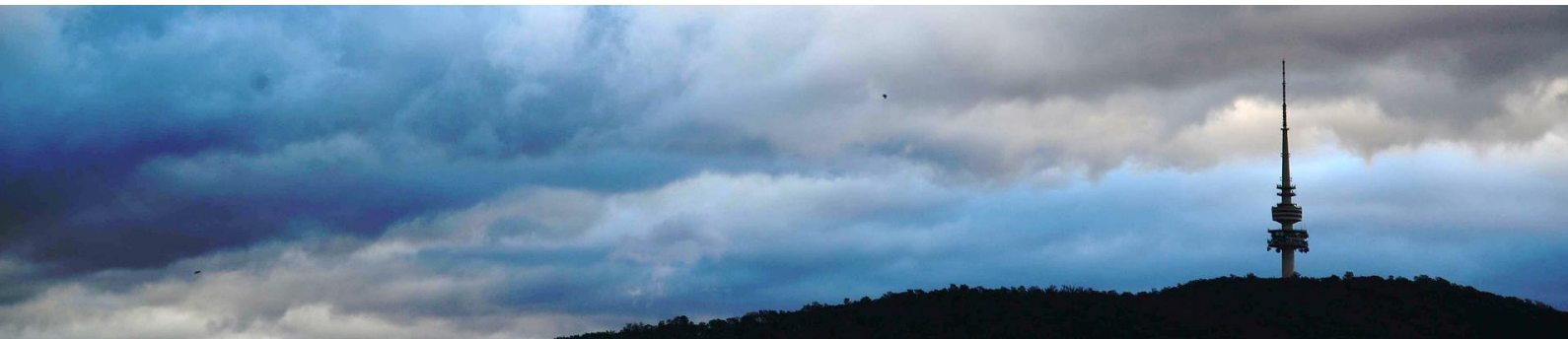
Under existing tax arrangements, J Construction Solutions Pty Ltd could claim 30% depreciation per year (based on the asset's effective life of 6½ years).

Applying the new accelerated depreciation deduction arrangement, J Construction Solutions Pty Ltd can claim \$650,000 in the 2020-21 income year. This consists of 50% of the concrete pump's value under the new incentive (\$500,000) plus 30% of the remaining \$500,000 under existing depreciation rules (\$150,000). This is \$350,000 more than under existing tax arrangements.

At the company tax rate of 30 per cent, J Construction Solutions Pty Ltd will pay \$105,000 less tax in the 2020-21 income year (30% of \$350,000). This extra tax benefit is worth \$14,000 to J Construction Pty Ltd over the asset's life (at an interest rate of 5%).

This will improve J Construction Solutions Pty Ltd's cash flow and lower the after-tax cost of the concrete pump to the business.





8. ATO Support Measures

The ATO has implemented a series of administrative measures to assist businesses experiencing financial difficulty as a result of the COVID-19 outbreak and can tailor support plans to the needs and circumstances of individual businesses.

Important: Employers will still need to meet their ongoing super guarantee obligations for their employees. By law superannuation contribution due dates cannot be varied or waived by the ATO.

8.1 What assistance and relief is the ATO providing?

Options available to assist businesses impacted by COVID-19 are covered in the following section

8.1.1 Payment and lodgement deferrals

The ATO will grant businesses impacted by COVID-19 a deferral of the due date for the payment of tax liabilities due through the business activity statement (including PAYG instalments), income tax assessments, fringe benefits tax assessments and excise for up to 6 months.

The ATO has already automatically applied deferral for the lodgement of:

- Self-Managed Superannuation Fund annual returns until 30 June 2020
- Fringe benefit tax returns until 25 June 2020.

Where deferral is granted interest will not accrue as the due date for payment has been deferred.

Business will need to speak to the ATO debt team to request a deferral, and show that they have been impacted by COVID-19.

Further rolling deferrals will be considered by the ATO based upon the business taxpayers' specific circumstances, and the state of affairs, at the time.

8.1.2 Changing to a business GST reporting cycle (cash flow measure)

The ATO is allowing businesses that report quarterly to opt to move to monthly reporting in order to get quicker access to GST refunds they are entitled to.

Before making the change businesses should take into consideration that:

- A business can only change from the start of a quarter, so a change made now will take effect from 1 April 2020.
- A business changing its GST reporting cycle doesn't have to change their PAYG withholding reporting cycle – they can manage this by specifying the roles they are changing.
- Once a business chooses to report and pay GST monthly, they must keep reporting monthly for 12 months before they can elect to revert to quarterly reporting.
- If a business is registered for fuel tax credits, and change their GST reporting from quarterly to monthly, they will also need to claim their fuel tax credits monthly.

8.1.3 Varying PAYG instalments (cash flow measure)

The ATO is allowing businesses that are PAYG instalment payers to vary their PAYG instalments on their activity statement without any penalties or interest being charged to vary instalments for the 2019–20 financial year.

Businesses that vary their PAYG instalment to zero can also claim a refund for any instalments made during the 2019-20 financial year.

8.1.4 Remitting interest and penalties

For businesses affected by COVID-19 the ATO will consider remitting any interest and penalties, incurred on or after 23 January 2020, that have been applied to tax liabilities.

8.1.5 Low interest payment plans

For businesses affected by COVID-19 and needing help to pay their existing and ongoing tax liabilities, the ATO is allowing them to enter into low interest payment plans.

8.1.6 Superannuation guarantee amnesty

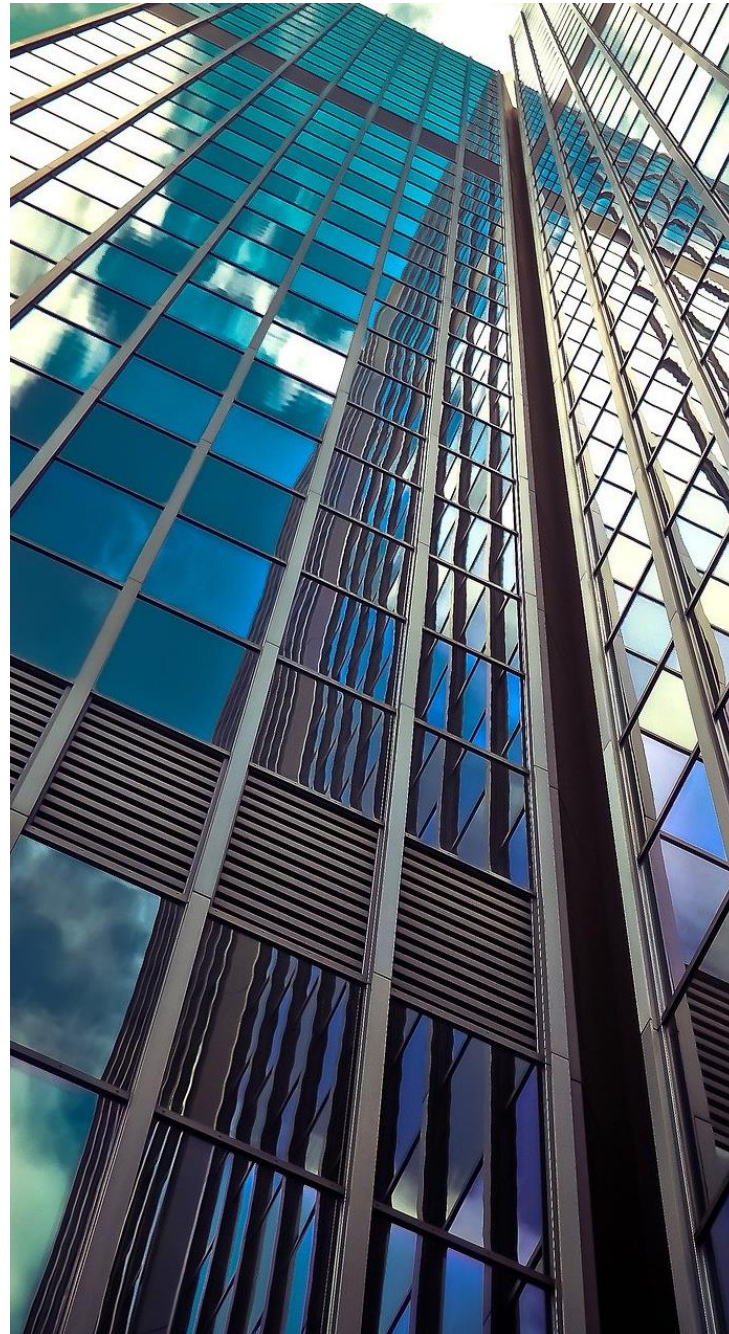
The ATO will consider flexible payment plans for businesses that come forward under the superannuation guarantee amnesty.

While the ATO will consider payment terms that extend beyond 7 September 2020, being the end of the amnesty period, payments made after this date will not be deductible.

Businesses concerned that they may not be able meet their liabilities if they come forward are still encouraged to consider doing so, as the ATO will consider a voluntary disclosure during the amnesty period favourably in deciding whether to remit penalties

8.1.7 How does a business go about seeking ATO relief?

Businesses impacted by COVID-19 are advised to contact the ATO to request assistance on their **Emergency Support Infoline 1800 806 218** or speak to a tax advisor for specific and expert advice on their circumstances.



9. Payroll Tax

In addition to tax relief and concessions being provided at the Federal level, the states and territories have almost unanimously announced payroll tax relief for business in response to COVID-19. These measures are set out in the table below.

Businesses should be conscious that deferred liabilities will become payable at a later point in time, and that lodgment obligations must (in most circumstances) still be satisfied.

State	Payroll Tax Measure	Application Process
<u>VICTORIA</u>	<p>Taxable wages up to \$3 million</p> <ul style="list-style-type: none"> Payroll tax for the FY20 financial year waived. Eligible businesses can also defer payment of their payroll tax liability for the first quarter of the 2020-21 financial year until 1 January 2021. 	<p>Businesses must continue to lodge their payroll tax returns but do not need to make further payments for the current financial year.</p> <ul style="list-style-type: none"> No application is required to obtain a pay roll tax reimbursement. However, eligible businesses can claim a reimbursement of payroll tax already paid in the 2019-20 financial year via PTX Express.
<u>NEW SOUTH WALES</u>	<p>Total grouped wages under \$10million for FY2019/2020</p> <ul style="list-style-type: none"> Payroll tax waived (for April to June 2020). 25% reduction in payroll tax liability when lodging annual reconciliation. Business also eligible for a three-month deferral. <p>Total grouped wages over \$10million for FY2019/2020</p> <ul style="list-style-type: none"> Option to defer payroll tax payments for up to six months. <p>Threshold</p> <ul style="list-style-type: none"> Payroll tax-free threshold increased from \$900,000 to \$1 million from 1 July 2020. 	<p>Total grouped wages under \$10million for FY2019/2020</p> <ul style="list-style-type: none"> 25% reduction will be applied when the business lodges their annual reconciliation, due on 28 July. <p>Total grouped wages over \$10million for FY2019/2020</p> <ul style="list-style-type: none"> Ordinary lodgements will continue to be required.
<u>SOUTH AUSTRALIA</u>	<p>Total grouped wags under \$4million</p> <ul style="list-style-type: none"> Payroll tax waived for April to September 2020 (for the return periods of March 2020 to August 2020). <p>Total grouped wages over \$4 million</p> <ul style="list-style-type: none"> Business that can demonstrate they have been significantly impacted by COVID-19 can defer payroll tax payments until October 2020 (for the period April to September 2020). <p>JobKeeper</p> <ul style="list-style-type: none"> Businesses whose employees qualify for JobKeeper support payments will be exempt from paying any payroll tax on the wage subsidy. 	<p>Total grouped wages under \$4million</p> <ul style="list-style-type: none"> Monthly payroll tax returns must still be lodged to with all wage details. No application will be required. RevenueSA will notify eligible businesses through RevenueSA Online. Waiver of payroll tax for the six months will be finalised as part of the Annual Reconciliation <p>Total grouped wages over \$4 million</p> <ul style="list-style-type: none"> Monthly payroll tax returns must still be lodged with all wage details. An online application can be made to apply for the payroll tax deferral. Deferral of payroll tax liabilities will be shown as part of the Annual Reconciliation processes.

<p><u>ACT</u></p>	<p>Waiver</p> <ul style="list-style-type: none"> All businesses directly affected by the prohibited activities list will receive a six-month waiver of payroll tax from March to August 2020. <p>Deferral (Grouped wages under \$10million)</p> <ul style="list-style-type: none"> Businesses can defer their FY2020/21 payroll tax, interest free, until 1 July 2022 (after which interest will be charged, if no further announcement is made). 	<p>Waiver</p> <ul style="list-style-type: none"> Businesses can apply for the waiver online with the ACT Revenue Office when they make their ordinary lodgements. <p>Deferral</p> <ul style="list-style-type: none"> Businesses will need to make their ordinary lodgements but will not be required to make the associated payment at the usual time. Businesses seeking a refund can make an application online through the ACT Revenue Office.
<p><u>WESTERN AUSTRALIA</u></p>	<p>Taxable wages under \$7.5 million in FY20</p> <ul style="list-style-type: none"> Payroll tax will be waived for March to June 2020 for businesses negatively affected by COVID-19 This waiver replaces a previously announced option to defer payment of payroll tax until July. <p>Threshold</p> <ul style="list-style-type: none"> The payroll tax threshold will be increased to \$1 million from 1 July 2020. <p>Grant</p> <ul style="list-style-type: none"> A one-off grant of \$17,500 will be given to businesses, or groups of businesses, whose annual Australian taxable wages are more than \$1 million and less than \$4 million. <p>JobKeeper</p> <ul style="list-style-type: none"> Businesses whose employees qualify for JobKeeper support payments will be exempt from paying any payroll tax on the wage subsidy. 	<p>Taxable wages under \$7.5 million in FY20</p> <p>Businesses can automatically claim the waiver by:</p> <ul style="list-style-type: none"> declaring WA taxable wages as normal in Revenue Online; and recording the value of WA taxable wages as exempt wages using the 'Other Exempt Wages' field. <p>Taxable wages between \$5 million and \$7.5 million</p> <ul style="list-style-type: none"> Can apply to defer lodgement and payment of returns. If available, the waiver will be applied at the time of the annual reconciliation. <p>Grant</p> <ul style="list-style-type: none"> Grants will automatically be paid by cheque from July.
<p><u>QUEENSLAND</u></p>	<p>Total grouped wages under \$6.5million</p> <p>Businesses may be eligible for:</p> <ul style="list-style-type: none"> a refund of payroll tax for two months; a 'payroll tax holiday' for three months; and a deferral of payroll tax for the 2020 calendar year. <p>Total grouped wages over \$6.5million</p> <p>Businesses negatively affected by COVID-19 may apply for:</p> <ul style="list-style-type: none"> a refund of payroll tax for January and February 2020; and a deferral of payroll tax for the 2020 calendar year. 	<p>Businesses can apply online:</p> <ul style="list-style-type: none"> application for deferral application for refund/holiday (you must apply before 31 March 2020)

<p><u>TASMANIA</u></p>	<p>Total grouped wages under \$5 million</p> <ul style="list-style-type: none"> • Can apply for a waiver of payroll tax for the entire financial year of 2019-20 for employers that can demonstrate that their operations have been affected by COVID-19. <p>Businesses in the hospitality, tourism, and seafood industries</p> <ul style="list-style-type: none"> • Will receive a waiver of payroll tax (on relevant industry wages) for the entire financial year of 2019-20 <p>New youth employees</p> <ul style="list-style-type: none"> • Approved employers of new youth employees (aged 24 years and under) will receive a 12-month payroll tax rebate. • The new youth employee must be employed at a point between 1 April and 31 December 2020 	<p>Payroll tax waivers</p> <ul style="list-style-type: none"> • Monthly returns for March, April and May are not required. • The Annual Adjustment Return for FY2019 -20 must still be lodged by 21 July 2020. • Applications can be made <u>online</u>. <p>Payroll tax rebate</p> <ul style="list-style-type: none"> • The State Revenue Office will publish more details in due course
<p><u>NORTHERN TERRITORY</u></p>	<p>Total grouped wages under \$7.5 million</p> <ul style="list-style-type: none"> • Can apply for a waives for March to August 2020 for employers on the Central Hardship Register. <p>Total grouped wages over \$7.5 million</p> <ul style="list-style-type: none"> • Can apply for a deferral for employers on the Central Hardship Register who have had a reduction in turnover of at least 50% due to COVID-19 until 21 September 2020. <p>March Return</p> <ul style="list-style-type: none"> • Payment of the March return, usually due 21 April, has been extended to 15 May 2020 to allow time for business hardship relief applications to be lodged and processed. <p>Hiring resident employees</p> <ul style="list-style-type: none"> • Extension of the payroll tax exemption for the hiring Territorians to 30 June 2021. 	<p>Hardship Register</p> <ul style="list-style-type: none"> • Central hardship Register will commence from 1 May 2020. Details regarding application will be available from 1 May. Eligibility details online <u>here</u>. <p>Lodging payroll tax returns</p> <ul style="list-style-type: none"> • All employers MUST continue to lodge payroll tax returns through INTRA, the online lodgement portal, by the respective due dates, with the annual reconciliation due to be lodged by 28 July 2020. This will enable monthly waiver and deferral amounts to be processed, and 2019-20 reconciliations to be completed.



10. Solvency and Bankruptcy Laws

The Commonwealth Government has implemented a number of temporary relief measures targeted at lessening the threat of actions that could unnecessarily push financially distressed businesses into insolvency. These temporary measures are set out below.

10.1 Insolvent Trading (Companies)

10.1.1 Directors duties to prevent insolvent trading

Under Australia's Corporations Laws, which are some of the toughest in the world, a director must prevent their company from incurring debts where the company is insolvent or would become insolvent by incurring that debt.

A company will be **insolvent** if it cannot meet its debts as and when they fall due

The duty is personal and can result in directors facing civil penalties of up to \$200,000, paying compensation to creditors and if dishonesty is a factor in insolvent trading, criminal proceedings and potential disqualification from continuing as a director or managing a company.

Given the escalating stress which is being placed on businesses as a result of COVID-19, many otherwise successful businesses may become at risk of meeting this definition of insolvency. The duty to prevent insolvent trading could also lead to boards of directors feeling under pressure to make quick decisions to enter into an insolvency process if there is any risk that the company will experience periods where it will be trading while insolvent.

To make sure that companies have confidence to continue to trade through the COVID-19 crisis with the aim of returning to viability when the crisis has passed, directors will be **temporarily relieved of their duty to prevent insolvent trading with respect to any debts incurred in the ordinary course of the company's business**. This will relieve the director of personal liability that would otherwise be associated with the insolvent trading.

Temporary relief from personal liability for insolvent trading will apply with respect to debts incurred in the ordinary course of the company's business. Egregious cases of dishonesty and fraud will still be subject to criminal penalties. Any debts incurred by the company will still be payable by the company.

10.1.2 When does the moratorium on the duty to prevent insolvent trading apply?

Under the temporary changes, a director will not be personally liable for insolvent trading in respect of a debt incurred by a company if that debt is incurred:

- In the ordinary course of the company's business; and
- Between 25 March to 25 September 2020; and
- Before any appointment of an administrator or liquidator of the company during the temporary safe harbour application period.

10.1.3 What does it mean for a debt to be incurred "in the ordinary course of the company's business"?

The explanatory memorandum for these changes' states '*a director is taken to incur a debt in the ordinary course of business if it is **necessary to facilitate the continuation of the business** during the six month period*'.

For example:

- A director taking out a loan to move some business operations online.
- Debts incurred through continuing to pay employees during the coronavirus pandemic

10.1.4 How long will the moratorium on Director duties on insolvency last?

The moratorium will last six months to 25 September, however the moratorium is not retrospective, meaning it will only apply to debts incurred from 25 March 2020.

10.2 Statutory Demands (Companies)

10.2.1 What changes have been made to the issuing of a statutory demand?

A creditor issuing a statutory demand on a company is a common way for a company to enter liquidation, as not responding to a demand within the specified time creates a presumption that a company is insolvent.

The Government has made the following two temporary changes to statutory demands which will apply for the next six months (to 25 September 2020):

- temporarily increased the current minimum threshold at which creditors can issue a statutory demand on a company from **\$2,000 to \$20,000**
- extended the time frame for a company to respond to a statutory demand from **21 days to 6 months**.



10.3 Bankruptcy Proceedings (Individuals)

To assist individuals, the Government has made a number of temporary changes to the personal insolvency system regulated by the Bankruptcy Act 1966 through changes to bankruptcy notices.

10.3.1 What is a bankruptcy notice?

If someone owe over a set amount, the person who they owe money to is able to apply for a bankruptcy notice. This is a formal, final demand for payment of a debt by a creditor.

A bankruptcy notice is issued by the Official Receiver at the request of a creditor who must have a judgement from a court of competent jurisdiction to evidence their claim that they are owed money.

Failure to comply with a bankruptcy notice constitutes as an act of bankruptcy.

10.3.2 What temporary changes has the government made to bankruptcy notices?

Bankruptcy notices have temporarily changed in two ways:

1. The debt threshold required for creditors to apply for a bankruptcy notice against a debtor (under the Bankruptcy Act 1966) has been increased from **\$5,000 to \$20,000**.
 - The final judgment must be for more than \$20,000 and no more than 6 years old.
2. The timeframe for a debtor to respond to a bankruptcy notice has also increased **from 21 days to up to six months**.
 - This extension will give a debtor more time to consider repayment arrangements before they could be forced into bankruptcy.
 - It also means a creditor will have to wait until the six-month period has passed before they can commence bankruptcy proceedings.
 - If a person does not comply with the notice after six-months, they are committing an act of bankruptcy.

10.3.3 What happens to bankruptcy notices issued before 25 March 2020?

If the bankruptcy notice was issued before 25 March 2020, the debtor has 21 days to comply with the bankruptcy notice.

10.4 Temporary debt protection (Declaration of intention to present a debtor's petition) (Individuals)

When a debtor declares an intention to enter voluntary bankruptcy by making a declaration of intention to present a debtor's petition there is a period of protection when unsecured creditors cannot take further action to recover debts known as the temporary debt protection period.

The temporary debt protection period - where unsecured creditors (including sheriffs) cannot take enforcement action to recover money owed.

Unsecured creditors cannot garnish wages or have the sheriff/bailiff seize goods during this period.

Creditors, many of whom are themselves small businesses can however still take some actions during the protection period including contacting a person to seek payment and can take – or continue to take legal action to recover the debt.

Secured creditors can also still repossess any assets they hold a security over (such as a business or house under mortgage), if a person cannot make repayment.

10.4.1 What temporary changes has the government made to the temporary debt protection period?

The government has increased extended the temporary debt protection period available for people in financial difficulty from 21 days to 6 months in order to give debtors more time to consider the options that are best for them.

10.4.2 How often can you apply for a temporary debt protection?

Once you apply, you cannot apply for temporary debt protection again for 12 months.

10.4.3 Does the temporary debt protection apply to all types of unsecured credit (debts)?

Temporary debt protection does not apply to some types of debt. These include child support, HELP debts, and fines imposed by a court.

10.4.4 Is temporary debt protection recorded on the public register of personal bankruptcies?

Temporary debt protection is an 'act of bankruptcy' (formally known as a Declaration of intention to lodge a Debtor's Petition) under s54A of the *Bankruptcy Act* 1966.

However, the details of a temporary debt protection do not appear on the permanent National Personal Insolvency Index as the process does not automatically make a person bankrupt.

Creditors can however use the fact that a person has lodged a temporary debt protection as the basis for an application to the court to make that individual bankrupt.

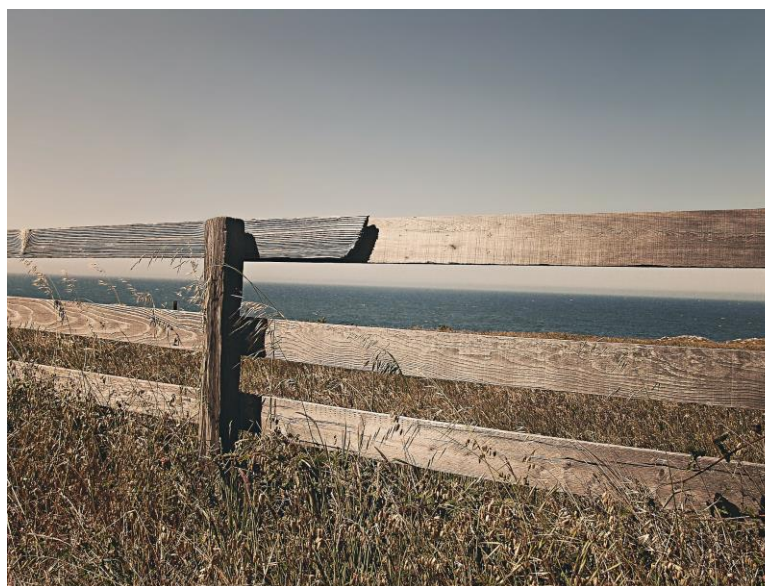
In addition, after the expiry of the six months temporary debt protection if a person does not apply for bankruptcy, creditors can continue to pursue the person for the debts still outstanding.

10.4.5 How does someone apply for temporary debt protection?

It's a serious step to apply for temporary debt protection so it is important to understand the consequences of proceeding with temporary debt protection and consider whether it is the right option.

The Australian Financial Security Authority sets out a range of considerations [here](#).

A person can apply by lodging a [temporary debt protection form](#) with the Australian Financial Security Authority.





11. Commercial Rent Arrangements

One of the most significant financial outgoings of any business is commercial rent for business premises. During COVID-19 a number of businesses have been able to reduce their labour costs and their variable costs, but not their most substantial fixed cost; commercial rent, even where the business is forced to close or demand has fallen away significantly.

Australia's federal, state and territory governments have recognised that requiring business tenants to pay previously-agreed commercial rents in full during the COVID-19 pandemic and recovery period risks pushing many into insolvency, and the loss of tens of thousands of additional jobs across the country.

The National Cabinet has urgently adopted a Mandatory Code of Conduct on SME Commercial Leasing Principles During COVID-19, covering commercial tenancies for shops, offices and industrial premises such as factories and warehouses, which provides relief options for businesses struggling to pay their commercial rent.

Whilst the Code is not a piece of legislation in its current form, State and Territory governments will legislate to bring the Code into force (from a date following 3 April 2020).

The following is an overview of the Application of the Code, however as state and territories may differ in their legislation eligible businesses will need to ensure they have specific, up to date advice, applicable to their specific circumstances in the jurisdiction in which they operate.

11.1 Eligibility

11.1 Which commercial tenants are eligible to use the Code?

The Code applies to commercial tenancies (including retail, office and industrial) during the operation of the JobKeeper Program (until 27 September 2020).

In order to be eligible to use the code a tenant must:

- Have an **annual turnover of \$50 million or less** (at the group or franchisee level) AND
- **Qualify** for the JobKeeper Program.

11.2 Application of the Code – the negotiation

11.2.1 What accommodations does the Code provide for eligible business tenants?

- Landlords must not terminate leases or evict commercial tenants for non-payment of rent during the COVID-19 pandemic and a 'reasonable' further recovery period.
- Landlords must agree to temporary arrangements to change the rent of the tenant businesses, on a case by case basis, based on:
 - A sharing of financial risk and cashflow restrictions / impacts.
 - The impact of COVID-19 on the tenant's revenue, expenses, and profitability.
- Landlords must offer tenants rent reductions, waivers and deferrals of up to 100% of the rental amount ordinarily payable, again determined on a case-by-case basis, based on the reduction in the tenant's trade during the COVID-19 pandemic / a subsequent reasonable recovery period.
- There is an emphasis on rent waivers, which must constitute at least 50% of any reduction, or more where this is necessary to keep the tenant business in business and paying the rent.
- However, hardship for the landlord will also be taken into account, and the tenant and landlord can agree to a reduced amount of rent waiver.
- Any deferred rent must be amortised over at least 24 months, unless otherwise agreed.
- Where other repayments are required, they should be structured over an extended period to not place an undue burden on the tenant, and not commence prior to the Australian government declaring the pandemic over, or the lease expiring.

- Where rent is waived or deferred either no fees, interest or charges can be applied, or where there is agreement to apply them, they must be applied at reasonable levels.
- Landlords must not draw upon tenants' bonds, bank or personal guarantees to cover the non-payment of rent.
- Landlords must agree to not increase rent (except where the rent is based on turnover) for the duration of the COVID-19 pandemic and a reasonable recovery period. Any agreement with the tenant to the contrary appears to be void.
- Landlords may not apply any penalty if tenants reduce opening hours or cease to trade due to the COVID-19 pandemic. This appears to be a particular consideration for retail operations in shopping centres.

11.2.2 Can a business be evicted during COVID-19?

- It appears that under the Code, eligible commercial tenants may not be evicted during the COVID-19 pandemic and its aftermath / recovery, or alternatively not where the Code has been triggered or should have been triggered by the landlord.
- Any business tenant facing the threat of eviction should urgently contact their state or territory business representative or industry association, or one of the government contacts listed below (see 11.3.2).
- Any landlord wanting to regain control of commercial premises in cases of rental arrears or not meeting tenancy obligations during COVID-19 should obtain specific legal advice and ensure due consideration has been taken of the implementation of the Code in their state or territory.

11.2.3 What negotiation obligations apply?

- Landlords and tenants must discuss relevant issues, negotiate temporary arrangements (such as reduced or deferred rent) and work towards 'mutually satisfactory outcomes'.
- Landlords must negotiate in good faith to amend existing lease arrangements, with due consideration of the cashflow of both the tenant business and the commercial landlord.
- There are obligations to exchange necessary information to support negotiations and rental changes.
- Where agreement cannot be reached, established mediation arrangements in each state and territory will apply (see 11.3).

11.2.4 What obligations are there on tenants?

- Both landlords and tenants must negotiate in good faith where the tenant has sought to change / reduce commercial rent during the COVID-19 crisis and recovery.
- Landlords and tenants must also assist each other in dealing with governments, utility companies, and banks/other financial institutions. This might see, for example, a tenant that reaches a rent agreement with their landlord assist the landlord in seeking relief on its loans from its bank or confirming the arrangement to support an application by the landlord to defer a tax or charge.
- Where there are reductions in rates, land taxes, loan repayments or similar for the landlord during the pandemic, these are to be 'shared' between landlord and tenant.
- Landlords are required to reduce or waive rights to recover other expenses or outgoings (perhaps for maintenance, amenity, gardening, security or waste removal), but they can also reduce service levels (perhaps decreasing the regularity of service, which may be appropriate for premises trading on fewer days).
- Tenants must commit to the terms of their lease, subject to any amendments agreed under the Code.
- If tenants fail to abide by the terms of the modified lease, they forfeit the protections of the Code against eviction and legal action.

11.2.5 What other considerations apply?

In negotiating these temporary changes to rental arrangements, tenants and landlords must also take into account:

- Whether the lease has expired or is soon to expire.
- Whether the tenant may already be behind in their rent payments (in arrears).
- Any 'hold over' in relation to the lease (where the tenant remains trading in the premises after the lease has expired, which is common in commercial tenancies, but may carry commercial and leasing consequences upon which specific legal advice should be sought).
- Whether the tenant is in administration or receivership (which may change what constitutes a reasonable change to rent and rental terms).

11.3 Where agreement cannot be reached

11.3.1 What happens where tenant and landlord cannot agree?

There is a clear expectation from governments that eligible businesses will be able to be put into hibernation during COVID-19 and the subsequent recovery, without being evicted or sued.

The Code is based on communication, openness and negotiation on what levels of rent are reasonable during this period, taking into account the specific circumstances of landlords and tenants.

However, there will inevitably be disputes about what is proportionate and reasonable in terms of rent reductions, waivers and other matters under the Code.

Where agreement cannot be reached disputes can be referred for **binding mediation** by either the landlord or tenant to the 'applicable retail/commercial leasing dispute resolution processes' in each state or territory, which are the existing mediation and advisory services in each state and territory.

11.3.2 Where can a business owner go for advice and mediation?

New South Wales	<u>Small Business Commissioner</u>
Queensland	<u>Queensland Civil and Administrative Tribunal (QCAT) – Retail leases</u>
South Australia	<u>Small Business Commissioner – Retail leases</u> <u>Office of Consumer and Business Affairs – Other leases</u>
Tasmania	<u>Consumer, Building and Occupational Services – Retail leases</u>
Victoria	<u>Victorian Small Business Commission</u>
Western Australia	<u>Small Business Development Corporation</u>
Northern Territory	<u>Consumer Affairs</u>
A.C.T.	<u>Access Canberra</u>

11.3.3 What happens where mediation fails?

Mediation may be binding, or tenants and landlords may agree to be bound by a mediator's recommendation.

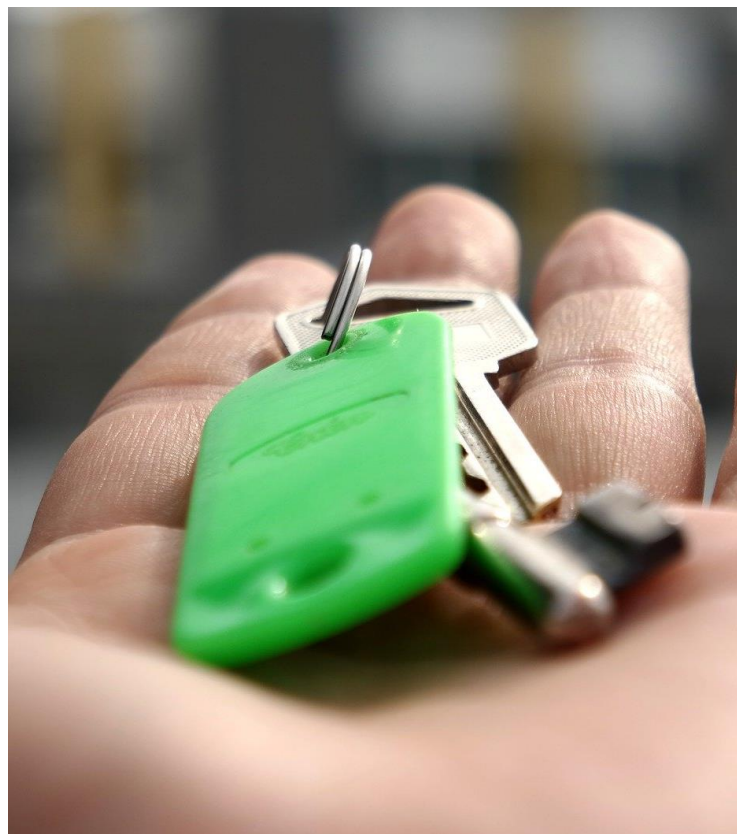
Where this is not the case, and mediation fails, there are avenues under state and territory legislation for binding determination by courts and tribunals., including Small Business Commissioners/ Ombudsmen where applicable.

11.4 Further Advice

11.4.1 Options for further advice

Tenants and landlords will need to check the specific arrangements that apply to them in their state or territory. Some states and territories have passed legislation / made regulations applying the code, some are yet to do so, and there may be variations in applying the Code from state to state, territory to territory.

Businesses wanting to change their rent or responding to a request for a change in rental arrangements, during COVID-19 and the recovery period, should obtain specific information and legal advice applicable to their circumstances.



12. Superannuation – Early Access

The Federal government is allowing eligible Australian and New Zealand citizens and permanent residents affected by COVID-19 to access:

- up to \$10,000 of their superannuation in 2019-20 (before 1 July 2020) AND
- a further \$10,000 in 2020-21 (from 1 July 2020 until 24 September 2020).

Eligible temporary visa holders can also apply for a single release of up to \$10,000 in 2019-20 (before 1 July 2020).

Individuals who access their superannuation through the scheme will **NOT** need to **pay tax** on the amounts released and it will **NOT** need to be included in their **income tax return**.

12.1 Eligibility

12.1.1 Who is eligible to access their superannuation early?

Eligible Australian and New Zealand citizens and permanent residents must satisfy one or more of the following requirements:

- Unemployed
- Eligible to receive a Jobseeker Payment, Youth Allowance for job seekers, Parenting Payment (which includes the single and partnered payments), Special Benefit or Farm Household Allowance
- Made redundant on or after 1 January 2020
- Had working hours reduced by 20 per cent or more on or after 1 January 2020
- If a sole trader, your business was suspended or there was a reduction in your turnover of 20 per cent or more.



EXAMPLE: Sole Trader

Bel is a sole trader with a tennis coaching business. At the end of July 2020, Bel seeks to apply for an early release from her superannuation for the 2020-21 financial year.

Due to the economic effects of the coronavirus, Bel's turnover for July is \$500 compared to \$5,000 on average per month for the second half of 2019. Bel therefore determines that her turnover has reduced by more than 20 per cent compared to her average turnover over the last six months of 2019.

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

Temporary resident can access up to \$10,000 of their superannuation before 1 July 2020. They must satisfy one or more of the following requirements:

- Hold a student visa (subclasses 500, 570-576) which you have held for 12 months or more and you are unable to meet immediate living expenses.
- A temporary skilled work visa holder (subclasses 457 and 482), your working hours have reduced to zero and you remain engaged with your employer
- A temporary visa holders (including Working Holiday Maker visa holders and other working visas) and you cannot meet immediate living expenses.

EXAMPLE: International student

Sally is an international student who has been studying and living in Melbourne for the past year on a Subclass 500 (Student) visa. Sally's visa allows her to work up to 40 hours every fortnight. To help support herself while living in Australia, Sally works part-time at a local eyelash salon. As a result of the coronavirus, the lash salon has been forced to close as a result of the government direction impacting beauty salons and as a result has had to stand down all of its staff, including Sally.

Sally determines that she cannot meet immediate living expenses and decides to access the superannuation that she has accumulated while working in Australia. Sally self-certifies that she fulfils the eligibility criteria for the early release on myGov and applies by 1 July 2020 to have up to \$10,000 released.

12.2 Releasing your superannuation

12.2.1 How do I apply for early superannuation release?

People who are eligible will be able to apply online at [myGov](#) to access up to \$10,000 of their super between **20 April and 30 June 2020**.

Applications to access up to a further \$10,000 will be open from **1 July until 24 September 2020**.

You must apply online through myGov as Superannuation funds are not able to accept applications directly.

When applying look for **“apply to access coronavirus support”**. You will be asked to fill out a self-assessment and make a legal declaration of eligibility.

You will not be required to attach evidence to support your application; however, you should retain records and documents to confirm your eligibility.

The ATO will review your application and will let you know the outcome of it in 1-2 days. Check your MyGov inbox.

If you are deemed eligible your super fund will be directed by the ATO to release the funds, without you needing to apply to them directly. This should take about five days.

Separate arrangements will apply to those who are members of a self-managed super fund.

12.3 Considerations when deciding whether to access your superannuation?

12.3.1 Knowing your options

To make the choice that best serves your needs, it's important you know all the options. Removing super from your account now may outweigh the benefits of maintaining those savings until retirement, but alternatively it may leave you worse off in the long run.

In order to consider what impact withdrawing super today will have on your retirement the governments moneysmart website has developed a [Super withdrawal estimator calculator](#) which can provide an estimate of the long term impact.

It is important to also be aware that withdrawing superannuation may affect any income protection insurance and/or life / total permanent disability insurance cover you may have if there isn't enough funds in your account to cover insurance premiums.

12.3.2 Will withdrawing superannuation effect my social welfare payments such as Jobseeker?

No, withdrawing won't affect Services Australia (formerly Centrelink) or Veterans' Affairs payments.

12.3.3 Does withdrawing superannuation effect JobKeeper?

No, withdrawing superannuation will not affect the JobKeeper Payment.

EXAMPLE: Withdrawing both amounts

Lachlan works at a professional service firm in Melbourne. As a result of COVID-19 he has had his hours reduced by 20% to .8 from 1 April 2020. As a result, Lachlan determines that his hours have reduced by more than 20% compared to his hours in 2019.

Lachlan decides given his age and financial situation he won't apply for the full \$10,000, instead he applies for the early release of only \$5,000 of his superannuation in May 2020 to help pay his rent and other living expenses. Lachlan self-certifies that he is eligible for an early release on myGov. Lachlan cannot apply for any further release of superannuation in 2019-20 (before 1 July 2020) on the grounds of adverse economic effects of COVID-19. The ATO approves the early release, notifies Lachlan and within 5 days his superannuation fund has released \$5,000 worth of funds into his bank account.

However, in July 2020, Lachlan finds out that his hours will be further reduced by another 10% down to .7 from 1 August 2020. Lachlan decides that he will need to make another application for 2020-21 in order to release \$10,000 of his superannuation. Lachlan applies on 15 August 2020 and self-certifies through myGov that he is eligible for early release. The ATO approves the early release, notifies Lachlan and within 5 days his superannuation fund has released the \$10,000 worth of funds into his bank account.

Lachlan has received a total of \$15,000 of his superannuation in two separate payments. Lachlan will not be taxed on this amount, it will not be included in his income tax return and he is free to spend it as he chooses. Lachlan is also free to re-contribute any unused amount to his superannuation in the future (within his contribution cap).

13. Reduction of superannuation drawn down rates

13.1 Reduction of drawn down rates

For many retirees, the significant losses in financial markets as a result of the COVID-19 crisis are having a negative effect on the account balance of their superannuation pension or annuity.

To assist retirees, the Government has reduced the minimum annual payment required for account-based pensions and annuities, allocated pensions and annuities and market-linked pensions and annuities by **50% in the 2019–20 and the 2020–21** financial years.

This measure will benefit retirees holding these products by reducing the need to sell investment assets to fund minimum drawdown requirements.

Superannuation and annuity providers calculate the **minimum annual payment** required at 1 July each year, based on the account balance of the member or annuitant. The 50% reduction will apply to the calculated minimum annual payment.

To claim this benefit individuals must already be eligible to make withdrawals from their superannuation fund.

For pensions and annuities that commence part-way during the 2019-20 or the 2020-21 financial year, the 50% reduction applies to the minimum annual payment that is calculated proportionally on the account balance on commencement day.

Example – Pension

Jimmy is 67 years of age. At 1 July 2019, Jimmy's account based pension balance was \$560,000. Jimmy's minimum annual payment was calculated at 5% (the % applicable to his age) of his pension balance, which is \$28,000. Following the law change, Jimmy's required annual minimum pension payment for 2019-20 is \$14,000.

If Jimmy has already withdrawn more than \$14,000 for 2019-20 he is not able to put the amount over \$14,000 back into his superannuation account unless he's eligible to make superannuation contributions and subject to any rules or limits as contribution caps.



14. JobSeeker Payment

Due to COVID-19, the Government has temporarily expanded the JobSeeker (previously known as Newstart Allowance) criteria meaning that from 25 March 2020, more people are eligible for financial assistance.

Those who are not eligible for JobKeeper payments may wish to see if they are eligible for JobSeeker.

14.1 Who is eligible for the JobSeeker payment?

The JobSeeker payment is available to people aged between 22 and 66 if they (and their partner) earn less than the income limits (see section 13.1.1) and they meet the residence rules (see section 13.4) and are:

- A permanent employee who has been stood down or lost their job
- Unemployed and looking for work
- Sick or injured, and unable to do usual work or study for a short time
- A sole trader, self-employed, a casual or contract worker with reduced income
- Caring for someone who's affected by COVID-19.

14.1.1 What is the income test?

The amount of JobSeeker payment a person receives depends on their circumstances and their income and can be found at www.servicesaustralia.gov.au/.

The 'income cut off point', that is, the point at which payment reduces to nil, are set out below.

Circumstances	Income cut off point per fortnight
Single, no children	\$1,086.50
Single with a dependent child or children	\$1,164.84
Single principal carer	\$1,673.25
Single, 60 or over, following 9 months' pay	\$1,175.17
Partnered	\$993.50 each*

*The partner income test threshold has been temporarily lifted from \$48,000 to \$79,788.80 from 27 April 2020. That means a person's partner can earn up to \$3,086.80 gross per fortnight before they are no longer eligible for any of the JobSeeker payment.

14.1.2 Is there an assets test?

The assets test has been waived for new claims from **23 March 2020 for 6 months**.

The government has also suspended the liquid assets test waiting period, which means people do not need to use up their savings before they can receive JobSeeker.

14.1.3 What are the requirements around sole traders?

A sole trader whose income has reduced may be eligible for a JobSeeker payment. A sole trader may also be eligible for the JobKeeper Payment which is made to the business and requires registration with the ATO rather than through Services Australia (see Section 2). This is a higher payment so eligibility for JobKeeper should be considered first.

Previously, to determine if a self-employed person was unemployed for the purpose of accessing these payments they had to be genuinely willing to seek and be available to take up alternative work effectively requiring their business to close. If someone remained committed to continuing with their business then they were not considered unemployed and could not access payments.

This test has been temporarily removed to allow sole traders to continue operating (subject to income testing).

Sole traders will be able to use work in their own business to meet their mutual obligations.

14.1.4 What are the requirements around supporting documentation?

Evidence requirements such as employment separation certifications, bank statements, proof of reduced work hours and proof of rental arrangements have been temporarily removed due to COVID-19. Other information (such as tax file number, etc) will be required as per usual. See www.servicesaustralia.gov.au/ for more information.



14.2 How much is the JobSeeker payment?

The specific rate depends on a person's circumstances, taking into account partners and dependents, and income earned in the past fortnight.

Circumstances	Maximum payment per fortnight
Single, no children	\$565.70
Single with a dependent child or children	\$612
Single principal carer	\$790.10
Single, 60 or over, following 9 months' pay	\$612
Partnered	\$510.80 each

From 27 April, an additional \$550 'Coronavirus Supplement' (see section 15) will be available per fortnight in addition to the JobSeeker payment, which would take the total payment for a single person, for example, to \$1,100 per fortnight.

14.2.1 Is the JobSeeker payment affected if a person is still working or gets a job?

A person may still be eligible to receive JobSeeker payment if they are working or subsequently get a job.

Whether a person is still considered 'unemployed' has to do with the amount of hours they work each week. If they are doing casual or part-time work, but their hours have been reduced, they can still get the unemployment benefit.

The rate of payment will be tapered down depending on personal circumstances and how much employment income is earned each fortnight. A person can generally earn up to \$104 every 2 weeks before the payment starts getting reduced. See 11.1.1 for the 'income cut off point', that is, the point at which payment reduces to nil.

14.2.2 What if a person's employer has since applied for JobKeeper?

A person receiving the JobKeeper Payment **must report** this to Service Australia as this may mean they are no longer eligible for the JobSeeker Payment due to the amount of income they are earning

14.2.3 When will the first payment be received?

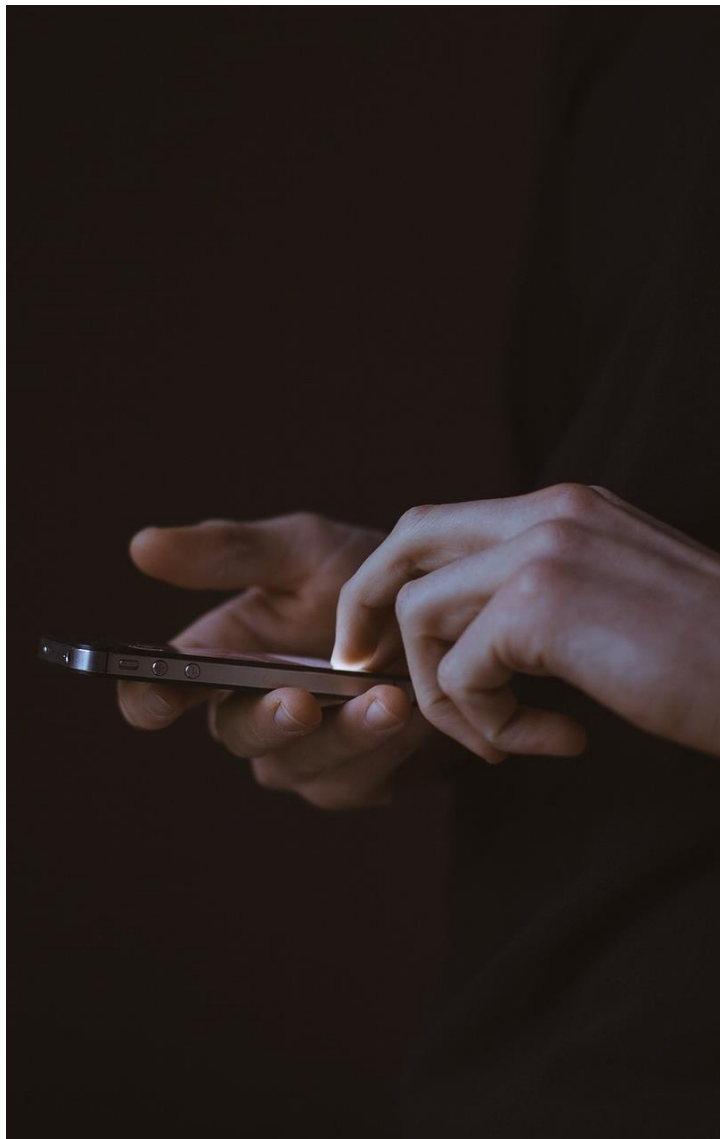
Services Australia is advising that you can expect to hear from them within 21 days of lodging your claim.

The first payment is received 2 weeks after the last waiting period ends. As most waiting periods have been temporarily waived, it is likely the JobSeeker payment will be received shortly after the claim is processed.

14.2.4 Do mutual obligation requirements still apply?

Mutual obligation requirements, including the need to provide evidence of job applications, have been suspended for the JobSeeker Payment at least until 27 April 2020. This means that no one will be penalised for not being able to report their attendance at appointment and activities.

Sole traders will be able to use work in their own business to meet their mutual obligations.



14.4 Visa Holders

In response to the COVID-19 crisis, and with many migrant workers impacted by business decline and shut downs, the Federal Government has made changes to migration settings and clarified rules in relation to accessing government support. A special [website](#) has been set up to explain how COVID-19 impacts visa holders and sponsoring businesses.

14.4.1 Do migrants have access to JobKeeper and JobSeeker payments?

Permanent migrants, yes, but for temporary migrants, generally no with the exception that New Zealanders with a 444 Visa who were working here before February 2001 are eligible for both payments, and other New Zealanders, only the JobKeeper payments apply.

All other temporary migrants, including working holiday makers, temporary skilled migrants and international students are not eligible for either payment.

14.4.2 Have the rules changed for temporary skilled migrants?

Holders of either the 2-year or 4-year Temporary Skill Shortage visa who have been stood down, but not laid off, will maintain their visa validity and businesses will have the opportunity to extend their visa as per normal arrangements. Businesses will also be able to reduce the hours of the visa holder without the person being in breach of their visa condition. These visa holders will be able to access up to \$10,000 of their superannuation this financial year.

14.4.3 What happens to my temporary skilled worker if I have had to terminate their employment?

The normal rules still apply. They need to secure another job within 60 days or return to their home country. They are not able to apply for the JobSeeker allowance. If there are difficulties returning home, they need to apply for another visa before their visa expires. For information on extending a stay in Australia if you are unable to depart, see [Staying in Australia](#).

14.4.4 Have the rules changed for International Students and Graduate Visa Holders?

International Students who have been here longer than 12 months who find themselves in financial hardship will be able to access their Australian superannuation.

Students working in aged care and as nurses can work longer than the 40 hours per fortnight, but the same extension granted for working in supermarkets will be discontinued on 1 May. The arrangements only apply to existing workers in their existing roles.

Temporary graduate visa holders will also be able to access their superannuation if needed for support.

14.4.5 Have the conditions for Working Holiday Makers (WHMs) changed?

Working Holiday Makers who are working in health, aged and disability care, agriculture and food processing, and childcare will be exempt from the six-month work limitation with the one employer and eligible for a further visa to keep working in these critical sectors if their current visa is due to expire in the next six months.

14.4.6 Have new arrangements been made for the agricultural sector?

The Government announced that in response to no new Working Holiday Makers arriving in Australia, two important changes have been made:

- the Seasonal Worker Programme and Pacific Labour Scheme workers can extend their stay for up to 12 months to work for approved employers (ensuring pastoral care and accommodation needs of workers are met to minimise health risks to visa holders and the community). Approved employers under the Seasonal Worker Programme and Pacific Labour Scheme will need to continue engaging with the Department of Education, Skills and Employment on labour market testing to ensure recruitment of Australians first.
- Working Holiday Makers who work in agriculture or food processing will be exempt from the six-month work limitation with the one employer and eligible for a further visa to keep working in these critical sectors if their current visa is due to expire in the next six months. Conditions will be placed upon visa holders to self-isolate for 14 days before taking up employment in a different region (including termination of visas where there is non-compliance). Employers will need to commit to providing safe accommodation for agricultural workers that complies with social distancing requirements.
- Increased demand is being seen in health and care sectors, transport and logistics, some areas of retail, mining and mining services, manufacturing, agriculture and government sectors, among others.

15. Coronavirus Supplement

The Coronavirus Supplement is a temporary fortnightly payment providing eligible people an **additional \$550 per fortnight from 27 April for six months.**

15.1 Who is eligible to receive the Coronavirus Supplement?

The Coronavirus Supplement will be provided to recipients of:

- JobSeeker Payment
- Parenting Payment Partnered
- Parenting Payment Single
- Sickness Allowance
- Farm Household Allowance
- Special Benefit
- Widow Allowance
- Partner Allowance
- Youth Allowance
- ABSTUDY Living Allowance
- Austudy.

For the period of the Coronavirus Supplement, there will be expanded access to the income support payments listed above.

15.1.1 Can sole traders receive the Coronavirus Supplement?

Where a sole trader is receiving an eligible payment (such as JobSeeker, where their income has reduced), they will be eligible to receive the Coronavirus Supplement.

15.1.2 How much is the Coronavirus Supplement?

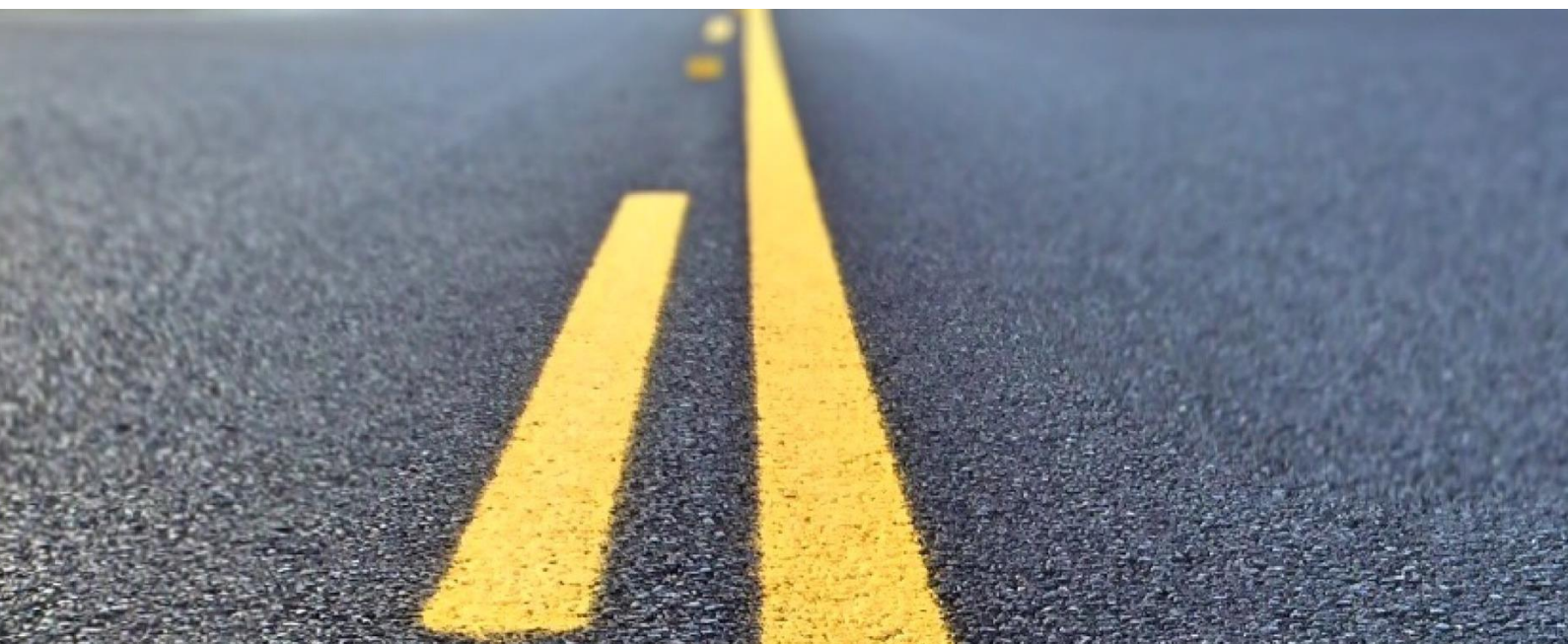
The Coronavirus Supplement is an **extra \$550** per fortnight to new and existing eligible income support recipients from 27 April 2020 for six months.

This money is in addition to any income support payment.

The Coronavirus Supplement is **taxable.**

15.1.3 Do you have to apply for the Coronavirus Supplement?

No. Anyone who is in receipt of an eligible income support payment will automatically receive the Coronavirus Supplement.



16. Economic Support Payment

In response to COVID-19 the Federal Government is providing two economic support payments of \$750 to existing payment recipients and concession card holders.

16.1 First Economic Support Payment

16.1.1 Eligibility

Eligibility for the first \$750 Economic Support payment was for the following payment recipients and concession cardholders, given that they resided in Australia and were eligible as at 13 April 2020:

- Age Pension
- Disability Support Pension
- Carer Payment
- Parenting Payment
- Wife Pension
- Widow B Pension
- ABSTUDY (Living Allowance)
- Austudy
- Bereavement Allowance
- JobSeeker Payment (formerly Newstart Allowance)
- Youth Allowance
- Partner Allowance
- Sickness Allowance
- Special Benefit
- Widow Allowance
- Family Tax Benefit, including Double Orphan Pension
- Carer Allowance
- Pensioner Concession Card 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
- Veteran Gold Card holders
- Farm Household Allowance.

As long as someone had lodged a claim for an eligible payment and was **eligible** for that payment **by 13 April 2020**, they should have already received this economic support payment via Services Australia or the Department of Veterans' Affairs. Payments were made from 31 March 2020 and would have been received by the majority of recipients by 17 April 2020.

16.2 Second Economic Support Payment

16.2.1 Eligibility

The Government announced on 22 March 2020, it would provide a second Economic Support payment of \$750 to approximately 5 million recipients under the **same eligibility criteria as the first Economic Support payment, provided the recipient does not receive the Coronavirus Supplement with their payment.**

If recipients are **eligible at 10 July 2020**, this second Economic Support payment of \$750 will be automatically paid via Services Australia or the Department of Veterans' Affairs.

Payments will be made from 13 July onwards.

EXAMPLE — Eligibility of recipient of Coronavirus Supplement

Tess is a single parent who has been in receipt of JobSeeker Payment since February 2020. She is single and does not have any children so receives \$565.70 per fortnight, and, from 27 April 2020, an additional \$550 per fortnight Coronavirus Supplement. This brings Tess' fortnightly income payment to \$1,115.70.

Tess was in receipt of the JobSeeker payment on 30 March, so she was eligible for the first \$750 payment.

Given that Tess already receives the Coronavirus Supplement each fortnight, she will not be eligible for the second \$750 payment.

16.2.2 Can a person receive both payments?

A person can receive both a first and second support payment depending on whether they meet the eligibility criteria. However, they can only receive one \$750 payment in each round of payments, even if they qualify in each round of the payments in multiple ways.

16.2.3 Is the Economic Support Payment taxable?

The payment will be exempt from taxation and will not count as income for the purposes of Social Security, Farm Household Allowance and Veteran payments.

17. Childcare

The Early Childhood Education and Care Relief Package was announced on 2 April to provide assistance to childcare centres to pay their staff and remain open if they have active enrolments. This boost will enable parents and registered carers to obtain free childcare from approved centres, effective 6 April until 30 June 2020.

17.1 What is the Early Childhood Education and Care Relief Package?

To ensure ongoing access to early childhood education and care, services that remain open, and have children enrolled, will receive a weekly payment to ensure they can deliver access to early childhood education and care.

Child care services are required to ensure families are not charged usual out of pocket or gap fees for services – meaning families will effectively receive free childcare during this period.

Payments to child care services will be calculated to be 50% of the lower end of the services' hourly fees or the existing hourly rate cap, based on the fortnight before 2 March 2020. This measure is intended to complement the JobKeeper Payment scheme.

The Government will also make payments of higher amounts available in exceptional circumstances, such as where greater funding is required due to an increase in enrolments to meet demand to address the needs of essential workers or vulnerable children.

17.1.1 What do Child Care centres have to do to receive the payment?

Child Care Payments will begin automatically, without any application required.

In return for receiving payments, services are required to:

- stay open unless closed on public health advice or for other health and safety reasons
- ensure families are not charged a fee, including an out of pocket or gap fee
- prioritise care to essential workers, vulnerable and disadvantaged children and previously enrolled children
- continue to record attendance of children
- comply with all other provider obligations including National Quality Framework and other relevant conditions of approval under Family Assistance Law.

17.1.2 When does the support commence?

From Monday 6 April 2020 weekly payments will be made directly to early childhood education and care services in lieu of the Child Care Subsidy and the Additional Child Care Subsidy.

17.1.3 How long will this new free childcare system operate for?

The system is in place until **28 June 2020**, and will then be reviewed.

17.1.4 Is there any extra support for families to help them find a service provider during the COVID-19 pandemic?

Yes, a national toll-free helpline has been set up to assist parents and carers to find an early childhood education and care service during the COVID-19 pandemic. The helpline can be accessed on **1800 291 041** from 9:00 am to 5:00 pm (AEST), Monday – Friday (excluding public holidays).

17.1.5 Where can I go for more information?

Child care funding arrangements are complex. Providers should go to this [website](#) for further information.





18. Where and who to contact for further information and assistance?

18.1 Key resources

The following are links to government websites that have reliable up-to-date information about business support during the COVID-19 pandemic in Australia and globally:

Business.gov.au – [Coronavirus information and support for business](#)

Australian Taxation Office – [COVID-19](#)

Australian Small Business and Family Enterprise Ombudsman – Assistance Team 1300 650 460 or infor@asbfeo.gov.au

Treasury – [Coronavirus Business Liaison Unit](#)

MyGov – my.gov.au

Services Australia (formerly Centrelink) 13 24 68
[Affected by coronavirus \(COVID-19\)](#)

Currently experiencing high call volumes and long wait times. You may also be able to use one of the [self service options](#).

Department of Home Affairs [Current Alerts](#)

18.2 Key contacts

Have a question or situation that isn't covered by this guide?

A list of ACCI member organisations in each state and territory and representing major industries can be accessed [here](#), or you can call ACCI on (03) 9668 9950 to be referred to our members.

Annexure A – Banking Contact Details

BANKING CONTACT DETAILS

AMP 1300 130 191 [Experiencing financial hardship](#)

ANZ 1800 252 845 [Customer Connect](#)

Arab Bank 1800 64 64 84 [Hardship Assistance](#)

Bank Australia 132 888 [Contact Us](#)

Bank of Sydney 13 95 00 [Financial Hardship](#)

BOQ 1800 079 866 [Financial Hardship Assistance](#)

Bank SA 1800 679 461 [BankSA Assist](#)

Bankwest 1300 769 173 [Experiencing financial hardship](#)

Bendigo and Adelaide Bank 1300 652 146 [Financial difficulty assistance](#)

Citibank 1800 722 879 [Hardship assistance](#)

Commonwealth Bank 1300 720 814 [Emergency assistance](#)

HSBC 1300 555 988 [Financial difficulty](#)

ING 1300 349 166 [Financial Hardship](#)

Macquarie Bank 1300 363 330 [Financial Hardship](#)

ME Bank 1300 500 520 [ME Bank financial hardship](#)

MyState 13 800 1 [MyState financial hardship](#)

NAB 1800 701 599 [Financial Hardship](#)

Rabobank 1800 025 484 [Financial Hardship](#)

Rural Bank 1800 660 115 [Financial Hardship](#)

St. George Bank 1800 629 795 [St. George Assist](#)

Suncorp Bank 1800 225 223 [Suncorp Customer Assist](#)

Westpac 132 142 [Westpac Assist](#)

This Guide was written and edited by Tamsin Lawrence and Ingrid Fraser. Digital edition produced by Marie Hogg.

©2020 Australian Chamber of Commerce and Industry. All Rights Reserved.

This guide has been prepared for information purposes only. It does not purport to be comprehensive or to render legal advice.

It may not be reproduced without written permission.

