CLIENT ALERT:

CASH SAVING MEASURES

MAXIM ADVISORY

A number of measures have been announced by the Federal and State Governments, the Banks and also the ATO to support individuals and small business taxpayers to preserve and manage their cash flows over the coming months.

We have summarised below the various measures, and would welcome the opportunity to discuss the measures that can apply to you and your business further:

Businesses (companies, trusts, partnerships and sole traders):

- ***PAYG withholding payments to 'eligible' employers***: The ATO will credit your account for PAYG withheld, minimum $20,000, up to a maximum $100,000. These credits will be made in two separate payments after you lodge your activity statements. Note that a number of requirements must be met for this measure to apply.
- ***Supporting apprentices and trainees:*** Employers with fewer than 20 full-time employees and who employed an apprentice or trainee on 1 March 2020 can from early April 2020 apply for a wage subsidy of up to $21,000 per apprentice or trainee. Final claims must be lodged by 31 December 2020.
- ***Government guarantees 50% of new unsecured loans:*** Applies to new business loans up to $250,000 that are granted to fund working capital. These loans must be granted within six-months from 1 April 2020.
- ***Change to reporting GST monthly:*** Quarterly BAS lodgers may elect to change to report GST and claim GST refunds monthly. This new monthly reporting will need to be in place for 12 months before you can revert back to monthly GST reporting. Note that this will not change your PAYG withholding reporting.
- ***Depreciation allowances:***
  - ***Instant asset write off is increased to $150,000***: This applies to new and used assets that are purchased and first used or installed ready for use from 12 March 2020 to 30 June 2020. This write off will revert to $1,000 from 1 July 2020 for businesses with a turnover of less than $10million.
  - ***Accelerated depreciation allowance:*** This is available for new assets only first used or installed for use between 12 March 2020 and 30 June 2021, i.e. for assets costing more than $150,000 in the 2019/20 year, and more than $1,000 in the 2020/21 year. Your deduction in the first year is 57.5% of the asset's cost if your turnover is less than $10m, and if your turnover is $10million or more, it is the asset's cost plus the usual depreciation deduction for that year.
- **Other measures announced by the ATO:** It is important to note that the ATO will need to be contacted if your business wishes to access any of the following relief measures, and that employers are still required to meet their ongoing superannuation guarantee contributions for their employees:
  - ***Reversing interest and penalties*** charged on tax liabilities incurred after 23 January 2020.
  - ***Payment deferral*** for income tax, activity statements, fringe benefits tax and excise until 12 September 2020, and this can include stopping interest accruing on your tax liabilities and low interest payment arrangements.
  - ***Low interest payment plans*** will be available for businesses.
  - ***PAYG instalments may be varied*** so that your business may receive a refund for previous instalments paid. No penalties or interest will be charged on varied instalments, however, care should be taken to ensure that there is a reasonable basis for varying your instalments.
- ***Job Keeper payments to businesses:*** Employers and sole traders can apply to the ATO for payments for full time and part-time workers, and also to casual workers (who have been employed for >12 months) who were employed on 1 March 2020, including if the employee was retrenched or 'stood down' since that date. There are a number of requirements to be met, notably that the business's turnover has decreased by 30% and the employer will need to register with the ATO, however it appears that employees who have registered for the Job Seeker payment may transition to this payment.

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See the following links:

- *To register your interest*: https://www.ato.gov.au/general/gen/JobKeeper-payment/
- *Factsheet:* https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet_Info_for_Employers_0.pdf

Individuals and families:

- ***Government payments:***
  - ***Additional $550, up to a maximum of $1,115.70 per fortnight*** will be paid if you receive benefits, including to new and existing recipients of the Jobseeker payment, Youth allowance, Parenting Payments, Farm Household Allowances and Special Benefits. There will be no waiting period and while the income test will still apply, the asset test will no longer apply.
  - ***A total of $1,500 will be paid*** to social security, veteran income support recipients and eligible concession card holders. The first $750 payment will be made from 31 March 2020 and the second $750 payment from 13 July 2020.
- ***Superannuation:***
  - ***Early access to superannuation:*** Those experiencing financial difficulty and who meet certain eligibility criteria may access up to $10,000 of their superannuation in the 2019/2020 year, and a further $10,000 in the 2020/21 year, tax free. Application can be made online via your myGov account.
  - ***Minimum annual Superannuation drawdown:*** The minimum annual pension that you can drawdown from your superfund will be reduced by 50% for the 2019/20 and 2020/21 years.
- **Other measures announced by the ATO:** It is important to note that the ATO will need to be contacted if you wish to access any of the following relief measures:
  - ***PAYG instalments may be varied*** so that you may receive a refund for previous instalments paid. No penalties or interest will be charged on varied instalments, however, care should be taken to ensure that there is a reasonable basis for varying your instalments.
  - ***Payment deferral until 12 September 2020*** for income tax, and this can include stopping interest accruing on your tax liabilities and low interest payment arrangements.

General

- ***Company directors' personal liability***: Temporary relief will be given to directors from personal liability for trading while insolvent, provided the debts are incurred in the ordinary course of business.
- ***Actions to initiate insolvency and bankruptcy:*** There has been a temporary increase to $20,000 for a creditor to initiate insolvency or bankruptcy (increased from $2,000), and debtor companies and individuals now have up to six months to respond (increased from 21 days).
- ***Deferral of loans and mortgage repayments***: Banks have announced that repayments can be deferred for up to six months, however, note that the terms applying to this measure may differ between lenders, and if you access this measure you may not be able to access the re-draw facility during this time.

At Maxim we are here to help you navigate through these unprecedented times.
Please feel free to contact Gino Terriaca, Tony Cassettai or Silvia Caratti of Maxim Private Advisory on (08) 9489 2555 and Steve Vicary of Maxim Finance on 0419 851 299 to discuss the above further.

Please note that this is general information only and professional advice should be obtained before acting on any information contained herein.

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