

## First & Second Government Stimulus Packages – Summary of Relevant Assistance

The government have announced a range of incentives and stimulus over the past 2 weeks. We understand that it can be difficult to distil and understand the government releases, and as such a summary of the key federal and state government initiatives that are relevant to your circumstances, are expressed below.

### Boosting Cash Flow for Employers

With the view to support small businesses in managing cash flow challenges and retaining employees, the federal government have announced a 2-phase incentive program for employers, with a **minimum credit of \$20,000** from 28 April 2020 to 28 October 2020.

Phase 1 will provide **relief from PAYG withholding** on employee wages for the March and June 2020 quarters, **up to the value of \$50,000**. The second phase of this incentive will provide a further credit applied between July and October 2020 to the equivalent of the phase 1 incentive received, regardless of whether there is any PAYG withholding in the September quarter.

- As a **maximum**, you could be eligible for up to **\$100,000** over the 2 phases.
- As a **minimum**, you will be credited **\$20,000** over the 2 phases.

### Accessing the incentives

You do not need to separately apply. Once you have lodged your Activity Statement for the March 2020 quarter, the **credits will automatically be applied against your ATO Activity Statement account**. The ATO may use these credits to offset any other ATO debt. If there are excess credits in your account, you can request to have these refunded to your bank account.

### Calculating the incentives

This incentive is based on the amount of PAYG withholding you lodge on your Activity Statements from March to June 2020, inclusive. Your incentive will be **calculated** using the **March and June 2020** Activity Statements.

Eligible employers that withhold tax on employee wages will receive a credit **equal to the amount withheld** in each activity statement, up to a maximum of \$50,000 over the period

March to June 2020, inclusive. Meanwhile eligible employers that withhold less than \$10,000 on employee wages over the period will receive a **minimum** credit of **\$10,000**.

### Timing

Phase 1 incentives will be delivered as credits to the activity statement accounts post the lodgement of each BAS, stating from **28 April 2020**. There will not be early credits supplied, even if you lodge your March 2020 BAS early. This means that Phase 1 credits will be supplied in April and July 2020.

Phase 2 incentives will be received in the same manner as the initial cash flow boosts, through the lodgement of Activity Statements. However, **the phase 2 credits will be split** over the lodgements from June to September 2020. This means you will **receive 50%** of their phase 2 payment upon lodgement of their **June BAS**, and **a further 50%** upon the lodgement of their **September BAS**.

### Taxation of the incentives

This **incentive is tax free** and you are **not** required to pay it back when cashflow improves after COVID 19. However, if you are paid more cashflow boosts than you are entitled to, you will be required to pay back any excess.

### Integrity measures

If the ATO feels that entities have deliberately restructured their business, increased their withholding rates, or suddenly changed the characterisations of payments to be considered wages there will **not** be a credit provided until the activities have been **investigated** and seen to be **legitimate**.

There are further details and examples provided in relation to this incentive on the ATO's website located here:

[\(https://www.ato.gov.au/Business/Business-activity-statements\(BAS\)/Indetail/Boosting-cash-flow-for-employers/\)](https://www.ato.gov.au/Business/Business-activity-statements(BAS)/Indetail/Boosting-cash-flow-for-employers/).

### Instant asset write off

Businesses with a turnover of less than \$500million will be eligible for an increase to the instant asset write off, **increased from \$30,000 to \$150,000** between 12 March 2020 and 30 June 2020. The asset must be **installed and ready for use** in this window of the time to be eligible for the immediate write off.

## Deferral of ATO related payments

The ATO have indicated that they are open to **deferring all tax payments for up to 6 months**. This will not be automatic, and entities will need to contact the ATO with deferrals being assessed and provided on a case by case basis.

It is important to note however, that these payments will only be **deferred** and will eventually become **payable**.

## Low rate payment plans

The ATO are offering a low rate payment plan option for entities experiencing cash flow problems. These will need to be applied for on a **case by case basis**.

The ATO have **not** yet released what the interest rate will be for these payment plans.

### **Disclaimer**

#### **General Advice Warning**

*The information contained on this document is general in nature and does not take into account your personal situation. You should consider whether the information is appropriate to your needs, and where appropriate, seek professional advice.*

*Taxation and other matters referred to in this document are of a general nature only and are based on Walker Wayland's interpretation of laws existing at the time and should not be relied upon in place of appropriate professional advice. Those laws may change from time to time.*

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