

Australia's Stimulus Packages: WHAT IT MEANS TO YOU



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Reference:

JobKeeper Payment Program : \$130 bn announced on 30th March 2020
SP-II : \$66 bn Australian Stimulus package 2 announced on 22nd March
SP-I : \$17.6 bn Australian Stimulus package 1 announced on 12th March

Western Australian Stimulus (SP-II and SP-I): measures announced by the Govt of WA as at 31st March 2020

MANAGING DIRECTOR'S MESSAGE

Click below for Dinesh's message



“My team and I are committed to overcome the current economic situation, and not just for ourselves as a firm but for each and every client. Through concerted efforts, we can and will definitely emerge stronger and better on the other side of the crisis”

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INTRODUCTION

Australia is continuing to fight the alarming coronavirus situation across multiple fronts. While the federal and state governments are boosting medical facilities at a fast pace and taking steps to contain the virus from spreading, they are also taking bold measures to keep the economy from further slowing down.

The federal government announced a stimulus package of \$17.6 billion on 12th March (SP-I) and a further \$66.1 billion package on 22nd March (SP-II). These packages, to be considered in combination with a suite of support measures announced over the two weeks total \$189 billion across the forward estimates, representing 9.7 percent of Australia's annual GDP.

In addition, the government announced a third stimulus of an estimated \$130 billion on 30th March 2020 in the form of a JobKeepers Payment program.

The actions provide support across 3 major areas:

- **Individuals and Households**

This includes income support payments, payments to support households and temporary early release of superannuation

- **Businesses**

This is providing assistance with managing cashflow and retaining employees through temporary relief for financially distressed businesses

- **Supporting flow of credit**

Australia Prudential Regulation Authority (APRA) has taken coordinated action to ensure the flow of credit in the economy.

In addition, the **Western Australian government** has also made announcements and taken measures to stimulate the economy. The initial stimulus was for \$607 million while the second one announced on 31st March 2020 is for \$1 billion.

This paper attempts to act as a simplified FACT SHEET providing relevant information and a step by step guide as to how benefits can be availed and when. Furthermore, it includes information on the WA stimulus package and **ATO relaxations** in the form of Frequently Asked Questions (FAQs). We have added further questions in this updated version based on queries being received by our office. If there's any query you have, please don't hesitate to write to us and we will endeavour to clarify.

At Fortuna, we are making every effort to work together with our clients through this tough times. We believe we will, together, emerge better and stronger on the other side of this ongoing crisis.

INDIVIDUALS AND HOUSEHOLDS

JobKeeper Payments

Eligible employees will receive a minimum of \$1,500 per fortnight, before tax. It will be up to the employer if they want to pay superannuation on any additional wage paid because of JobKeeper Payments.

Employees will receive a notification from their employers that they are receiving JobKeeper payments. Employees will then have the following obligations:

Employees that have multiple employers must notify the employer that is their primary employer.

Employees that are not Australian citizens must notify their employer of their visa status, to allow determination of their eligibility.

Employees that are currently in receipt of an income support payment must notify Services Australia of their new income.

What's the Employee's Eligibility?

- currently employed by the eligible employer (including those stood down or re-hired);
- were employed by the employer at 1 March 2020;
- are full-time, part-time, or long-term casuals (a casual employed on a regular basis for longer than 12 months as at 1 March 2020);
- are at least 16 years of age;
- are an Australian citizen, the holder of a permanent visa, a Protected Special Category Visa Holder, a non-protected Special Category Visa Holder who has been residing continually in Australia for 10 years or more, or a Special Category (Subclass 444) Visa Holder; and
- are not in receipt of a JobKeeper Payment from another employer.
- In circumstances where an employee is accessing support through Services Australia because they have been stood down or had their hours reduced and the employer will be eligible for the JobKeeper Payment, the employee should advise Services Australia of their change in circumstances online at my.gov.au or by telephone.

- If you ordinarily receive \$1,500 or more in income per fortnight before tax, you will continue to receive your regular income according to the prevailing workplace arrangements. The JobKeeper Payments will subsidise part or all of your income.
- If you ordinarily receive less than \$1,500 in income per fortnight before tax, your employer must pay you at a minimum, \$1,500 per fortnight, before tax.
- If you were have been stood down or were employed on 1 March 2020, subsequently ceased employment and then were re-engaged by the same eligible employer, you will receive, at a minimum, \$1,500 per fortnight, before tax.

Got Queries? We are Here to Help



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INDIVIDUALS AND HOUSEHOLDS

Considerations under SP-II

Coronavirus Supplement (Income Support for Individuals)

Special payment of \$550 per fortnight for the next 6 months to eligible income support recipients including those currently receiving and those who become eligible for:

- JobSeeker Payments
- Youth Allowance JobSeeker Payment
- Parenting Payments
- Farm Household Allowance and
- Special Benefits

The \$550 payment will commence from 27 April 2020 and is in addition to regular fortnightly payments that recipients of the above categories are already getting. This will be further supported by reduction of means testing and waiting periods.

Additional Targeted Stimulus payment (To support households)

In addition to the one-off stimulus payment of \$750 for eligible recipients announced in Stimulus package 1, the government will make another \$750 payment in mid-July 2020. The July 2020 payment will not be available to recipients of the Coronavirus Supplement noted above. This will be extended to social security, veteran and eligible concession card holders.

Tax-free early superannuation withdrawals

Affected individuals will be able to withdraw up to a total of \$20,000 from their superannuation funds. Withdrawals will be available from April of up to \$10,000 before end of 2020 financial year and an additional \$10,000 before end of 2021 financial year.

The Superannuation minimum drawdown requirements for account-based pensions and similar products have also been temporarily reduced by 50% for the financial years ending 30th June 2020 and 2021. See our page on Superannuation.

Got Queries? We are Here to Help



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Considerations under SP-I

Targeted stimulus payment

Eligible recipients will receive a one-off payment of \$750 through the social security system from 31 March 2020 to pensioners, social security recipients, veterans, other income support recipients and eligible concession card holders. A significant number of these recipients will be pensioners.

Payments can be expected latest by mid-April and will be limited to only one payment per person.

Superannuation (SP-II)

The Federal Government will allow individuals affected by economic impacts of COVID-19 to access up to \$10,000 of their superannuation savings between April and end of 2020 financial year and an additional \$10,000 before end of 2021 financial year.

Individuals will not need to pay taxes on the amounts released. Neither will released amounts impact Centrelink or Veterans' Affairs payments.

Eligibility:

To access early release, a fund member must fulfil one or more of the following requirements:

- they are unemployed
- they are eligible to receive a Jobseeker payment, Youth Allowance for Jobseekers, parenting payments, special benefit or Farm Household Allowance
- On or after 1 January 2020:
 - They were made redundant or
 - Their working hours were reduced by 20 per cent or more
 - In case of a sole trader, their business was suspended or there has been a reduction in turn over of 20 per cent or more

Changes to drawdown rates

The Superannuation minimum drawdown requirements for account-based pensions and similar products have been temporarily reduced by 50% for the financial years ending 30th June 2020 and 2021.

This will benefit retirees with account-based pensions and similar products by reducing the need to sell investment assets to fund minimum drawdown requirements.

The reduction applies for the FY 2020 and 2021.

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Age	Default Minimum drawdown rates (%)	Reduced rates by 50% for FY 2020 and FY 2021
Under 65	4	2
65 - 74	5	2.5
75 - 79	6	3
80 - 84	7	3.5
85 - 89	9	4.5
90 - 94	11	5.5
95 or more	14	7



BUSINESSES

JobKeeper Payment Program

- Announced on 30th March 2020, businesses including Not-for-profit entities (Charities) and self-employed individuals (businesses without employees) significantly impacted by the Coronavirus will be able to claim a fortnightly payment of \$1,500 per eligible employee from 30 March 2020, for a maximum of six months. This assistance will help you keep staff and will help you restart when the crisis is over. The first payment will be received by employers from the ATO in the first week of May.

What's the Employer's Eligibility?

JobKeepers Payment Program also applies to Sole-Traders

- business has a turnover of less than \$1 billion and their turnover will be reduced by more than 30 per cent relative to a comparable period a year ago (of at least a month). Most businesses would be expected to establish that their turnover has fallen in the relevant month or three months (depending on the natural activity statement reporting period of that business relative to their turnaround a year earlier; or
- business has a turnover of \$1 billion or more and their turnover will be reduced by more than 50 per cent relative to a comparable period a year ago (of at least a month); and
- the business is not subject to the Major Bank Levy.
- The employer must have been in an employment relationship with eligible employees as at 1 March 2020, and confirm that each eligible employee is currently engaged in order to receive JobKeeper Payments. Eligible employers who have stood down their employees before the commencement of this scheme will be able to participate. Employees that are re-engaged by a business that was their employer on 1 March 2020 will also be eligible.
- Where a business was not in operation a year earlier, or where their turnover a year earlier was not representative of their usual or average turnover, (e.g. because there was a large interim acquisition, they were newly established or their turnover is typically highly variable), the Tax Commissioner will have discretion to consider additional information that the business can provide to establish that they have been adversely affected by the impacts of the Coronavirus.
- The Tax Commissioner will also have discretion to set out alternative tests that would establish eligibility in specific circumstances (e.g. eligibility may be established as soon as a business ceases or significantly curtails its operations). There will be some tolerance where employers, in good faith, estimate a greater than 30% fall in turnover but actually experience a slightly smaller fall.
- Self-employed individuals will be eligible to receive the JobKeeper Payment where they expect to suffer a 30 per cent decline in turnover relative to a comparable period a year ago (of at least a month).

What's the Employee's Eligibility?

- currently employed by the eligible employer (including those stood down or re-hired);
- were employed by the employer at 1 March 2020;
- are full-time, part-time, or long-term casuals (a casual employed on a regular basis for longer than 12 months as at 1 March 2020);
- are at least 16 years of age;
- are an Australian citizen, the holder of a permanent visa, a Protected Special Category Visa Holder, a non-protected Special Category Visa Holder who has been residing continually in Australia for 10 years or more, or a Special Category (Subclass 444) Visa Holder; and
- are not in receipt of a JobKeeper Payment from another employer.
- In circumstances where an employee is accessing support through Services Australia because they have been stood down or had their hours reduced and the employer will be eligible for the JobKeeper Payment, the employee should advise Services Australia of their change in circumstances online at my.gov.au or by telephone.

How to Claim

- Employers with or without employees (such as self-employed) can register their interest in applying via ato.gov.au from 30 March 2020.
- Subsequently, eligible employers will be able to apply for the scheme through online application. They will need to make an application to the ATO and provide supporting information demonstrating a downturn in their business. In addition, employers must report the number of eligible employees employed by the business on a monthly basis.
- Participating employers will be required to ensure eligible employees will receive, at a minimum, \$1,500 per fortnight, before tax. It will be up to the employer if they want to pay superannuation on any additional wage paid because of the JobKeeper Payment.
- Businesses without employees will need to provide an ABN for their business, nominate an individual to receive the payment and provide that individual's Tax File Number and provide a declaration as to recent business activity.
- People who are self-employed will need to provide a monthly update to the ATO to declare their continued eligibility for the payments.
- Payment will be made monthly to the individual's bank account.

BUSINESSES

Considerations under SP-II

The stimulus to businesses are effected through three key focus areas with the second stimulus package significantly superseding the benefits announced in SP-I.

Boosting cash flow for employers:

With an aim to give a temporary boost to cash flow, eligible employers will be provided with a tax-free payment of up to \$100,000 (\$50,000 for FY 2020 and \$50,000 for FY 2021) with a minimum payment of \$20,000. This has increased from \$25,000 announced earlier in SP-I.

The measure is also extended to not-for-profits that employ people and has an aggregated annual turnover under \$50 million.

Eligible businesses that withhold tax on their employees' salary and wages will receive a payment equal to 100% of the amount withheld, up to a maximum payment of \$50,000.

Eligible businesses that are not required to withhold tax will receive a minimum payment of \$10,000 (up from \$2,000 announced in SP-I).

What's the Eligibility?

- Small and medium business entities with aggregated annual turnover under \$50 million generally based on prior year turnover and that employ workers/ staff.
- The payment will be given by the ATO as a credit in the business activity statements (BAS) from 28th April 2020 upon lodging eligible upcoming activity statements
- Payments will only be available to active eligible employers established prior to 12th March 2020. However, charities registered with ACNC will be eligible regardless of when they were registered. This recognises that new charities may be established in response to the Coronavirus pandemic.

Need Help With Lodgement?



Breony Beard
General Manager, Carnarvon



Julie Brotsma
Office Manager



Alice Kelly
Senior Bookkeeper

Frequency of lodgement	Eligible period	Lodgement Due Date*
Quarterly	Quarter 3 (Jan – Mar 2020)	28 April 2020
	Quarter 4 (Apr – Jun 2020)	28 July 2020
Monthly	March 2020	21 April 2020
	April 2020	21 May 2020
	May 2020	22 June 2020
	June 2020	21 July 2020



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Considerations under SP-II

An additional payment is also being introduced in July to October 2020 period. Eligible entities will receive an additional payment equal to the total of 'Boosting cashflow for employers' payments they received.

What's the Eligibility for Additional Payment?

- The entity must continue to be active
- Monthly activity statement (AS) lodgers will receive one quarter of their total initial 'Boosting cashflow for employers' payment following the lodgement of their June, July, August and September 2020 activity statements.
- Quarterly AS lodgers will receive one half of their total initial 'Boosting cashflow for employers' payment following the lodgement of their June, 2020 and September 2020 activity statements.

Frequency of lodgement	Eligible period	Lodgement Due Date*
Quarterly	Quarter 4 (Jan – Mar 2020)	28 July 2020
	Quarter 1 - 2021 (July – Jun 2020)	28 October 2020
Monthly	June 2020	21 July 2020
	July 2020	21 August 2020
	August 2020	22 September 2020
	September 2020	21 October 2020

Administrative Relief

The ATO has released a number of administrative relief approaches to ensure that unforeseen tax consequences don't arise for employers and employees with globally mobile workforces or under 'work from home' arrangements.

The ATO website has a dedicated COVID-19 page where one could avail more information or call 1800 806 218.

Considerations under SP-1

Increasing Instant Asset Write-off (IAWO) Threshold

To further provide cash flow benefits, the instant write-off threshold has been increased from \$30,000 to \$150,000. This measure has also been extended to include businesses with aggregated annual turnover of less than \$500 million (earlier \$50 million). Expanding this threshold will mean that the measure will help an additional 3.5 million businesses which employ over 9.7 million people.

This measure applies from 12th March 2020 until 30 June 2020 for new or second-hand assets first used or installed ready for use within this timeframe. This new threshold applies on a per asset basis, so eligible businesses can immediately write-off multiple assets.

The threshold is due to revert to \$1,000 for small businesses (turnover less than \$10 million) from 1st July 2020.

Business Investment Incentive

A limited 15 month business investment incentive is given to businesses with aggregated annual turnover of less than \$500 million for purchasing certain new depreciable assets after 12 March 2020 and first used or installed by 30 June 2021.

The measure will allow a 50 per cent accelerated depreciation deduction in addition to the existing depreciation deduction. Eligible assets include those under Division 40 of the Income Tax Assessment Act 1997. It does not apply to second hand Division 40 assets, or building and other capital goods depreciable under Division 43.

Supporting Apprentices and Trainees

Aimed at ensuring continuity of employment for apprentices and trainees within small businesses. Eligible employers can apply for a wage subsidy of 50% of the apprentice's or trainee's wage paid during the 9 month period from 1 January 2020 through to 30 September 2020 to a maximum of \$21,000 per eligible apprentice or trainee (i.e. \$7,000 per quarter). The measure is expected to benefit about 70,000 small businesses, employing over 117,000 apprentices.

Where a small business is not able to retain an apprentice, the subsidy will be available to a new employer. Support will also be provided to the National Apprentice Employment Network to coordinate the re-employment of displaced apprentices and trainees throughout their network across Australia.

Who are Eligible Employers?

- Small businesses employing fewer than 20 full time employees who retain an apprentice or trainee will be eligible for this subsidy. The apprentice or trainee must have been in training with a small business as at 1st March 2020.
- Employers of any size and Group Training Organisations (GTO) that re-engage an eligible out-of-trade apprentice or trainee will be eligible.
- Employers will be able to access the subsidy after an eligibility assessment by an Australian Apprenticeship Support Network (AASN) provider.

Got Queries? We are Here to Help



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Relief for Financially Distressed Businesses (SP-II)

The key features of the federal government's insolvency package are:

More time to respond to Creditors

- Temporary increase in the threshold at which creditors can issue a statutory demand on a company from \$2,000 to \$20,000; this will apply for six months
- The statutory timeframe for a company to respond to a statutory demand will be extended temporarily from 21 days to six months. This will apply for six months.
- To assist individuals, the Government will make a number of changes to the personal insolvency system regulated by the Bankruptcy Act 1966. The threshold for the minimum amount of debt required for a creditor to initiate bankruptcy proceedings against a debtor will temporarily increase from its current level of \$5,000 to \$20,000. This will apply for six months
- Temporary increase in the time period for debtors to respond to a bankruptcy notice from 21 days to six months; this extension will give more time to debtors to consider repayment arrangements before they could be forced into bankruptcy

Temporary Relief from Director's personal liability

Directors are personally liable if a company trades while insolvent

These changes by the federal government aims to provide temporary relief for directors from personal liability for trading while insolvent and also for companies to deal with unforeseen events that arise due to COVID-19

- Stop directors of companies, that would be ordinarily viable save for COVID-19, from electing to enter into insolvency due to the personal consequences from trading whilst insolvent;
- Enable directors to increase their focus on managing companies through the COVID-19 crisis as opposed to be concerned by the implications for their own personal positions; and
- Avoid a situation whereby there are insolvencies en masse in a short space of time which, due to the sheer number of the companies in insolvency, may dilute the ability of companies to be rehabilitated. In this situation, assets may not be saleable given the sheer volume of insolvencies so may be realised for minimal value or parked away.

Need Advice? Ask Us



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Lawyer



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SUPPORTIING FLOW OF CREDIT (SP-II)

Coronavirus SME Guarantee Scheme

The Government will provide a guarantee of 50 per cent to SME lenders to support new short-term unsecured loans to SMEs.

This will provide businesses with funding to meet cash flow needs, by further enhancing lenders' willingness and ability to provide credit.

The Government will provide eligible lenders with a guarantee for loans with the following terms:

- Maximum total size of loans of \$250,000 per borrower
- The loans will be up to three years, with an initial six month repayment holiday
- The loans will be in the form of unsecured finance, meaning that borrowers will not have to provide an asset as security for the loan.

Who are Eligible?

- SMEs with a turnover of up to \$50 million will be eligible to receive these loans.

- Loans will be subject to lenders' credit assessment processes with the expectation that lenders will sensibly take into account the uncertainty of the current economic conditions.
- As part of the loan products available, the Government will encourage lenders to provide facilities to SMEs that only have to be drawn if needed by the SME. This will mean that the SME will only incur interest on the amount they 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 in the future should they need to.
- The Scheme will commence by early April 2020 and be available for new loans made by participating lenders until 30 September 2020.
- To assist with quick and efficient access to credit for small businesses, the Government is providing an exemption from responsible lending obligations for lenders providing credit to existing small business customers. This exemption is for six months.

Need Finance?



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FOCUS ON HEALTH CARE

Considerations under SP-II

The second stimulus package provides an additional support of \$444.6 million to ensure continuity of aged care workforce in addition to the \$2.4 billion health package announced in SP-I.

Aged Care

- \$234.9 million for a COVID-19 'retention bonus' to ensure the continuity of the workforce for staff in both residential and home care.
- \$78.3 million in additional funding for residential care to support continuity of workforce supply.
- \$26.9 million to supplement the viability of residential aged care facilities (including National Torres Strait Islander Aged Care Program and Multi-Purpose Services and homelessness providers).
- \$92.2 million in additional support to home care providers and organisations which deliver the Commonwealth Home Support Program, including for services such as meals on wheels.
- An additional \$12.3 million to support the My Aged Care service to respond to the needs of older Australia.

People with disability

The federal government will provide a series of support for National Disability Insurance Scheme (NDIS) providers.

- Extending NDIS plans by up to 24 months.
- Providing a one-month advance payment to registered NDIS providers to provide immediate cash flow relief.
- Providing a 10 per cent COVID-19 loading to the price limits for some supports for up to six months.
- Amending the cancellation policy for NDIS providers so that they can charge the full 100 per cent for the price of a cancelled service.

Considerations under SP-I

The government's first stimulus package (SP-I) included a \$2.4 billion health package. It aimed at protecting vulnerable groups from COVID-19 such as the elderly, those with chronic conditions and the Indigenous communities. The package focused on 4 key areas:

Aged Care

- \$101.2 million to educate and train aged care workers in infection control and enable aged care providers to hire extra nurses and workers.
- \$30 million to support infection control training and programs for health and aged care workers.

Primary Care

- \$100 million to fund a new Medicare service for people in home isolation or quarantine, to receive virtual health consultations with General Practitioners (GPs) and specialists (via the telephone or video calls).
- The new Medicare services will also provide improved access to nurses, mental health and allied health workers for:
 - ✓ people aged 70 and over;
 - ✓ people with chronic diseases;
 - ✓ Aboriginal and Torres Strait Islander people aged over 50; people who are immunocompromised;
 - ✓ pregnant people; and
 - ✓ new parents with babies.
- \$25 million to fund home medicines services which will enable people in home isolation and vulnerable patients to have their prescriptions filled online, and have the medicines delivered to their home.
- \$5 million to fast track the rollout of electronic prescribing across Australia, to support GPs and pharmacies with the delivery of medicines at home services.
- \$50.7 million to expand the national triage phone line to operate 24/7 and provide advice to patients about the best course of action depending on their symptoms and risks.
- \$206.7 million for up to 100 dedicated respiratory clinics. The clinics will be a one-stop-shop for people who are concerned they may have COVID-19.
- \$58.7 million for tools to proactively screen visitors and fly-in, fly-out workers; evacuate cases if required; and mobile respiratory clinics in remote locations.
- \$170.2 million for a dedicated Medicare-funded and bulk-billed pathology test for COVID-19. Patients will receive both the COVID-19 and flu test. This funding will also be used to support pathology testing in aged care facilities.

Hospitals

- \$100 million upfront initial payment as part of a larger commitment of \$500 million in funding for the states and territories to directly support their responses to COVID-19.
- This funding will support the diagnosis and treatment of patients with COVID-19, or people at risk of contracting the disease, in public hospitals.

Research

- \$1.1 billion will ensure patients and critical health care staff have personal protective equipment such as face masks, surgical gowns, goggles and hand sanitiser.
- \$30 million will deliver a new national communications campaign to provide people with practical advice on steps they should take in order to support 'containment' of COVID-19, as well as broad messaging about remaining healthy.

MONETARY POLICY AND BANK ANNOUNCEMENTS

The Reserve Bank of Australia (RBA) announced measures in support of the Australian economy through the COVID-19 pandemic.

- A reduction in the cash rate target from 0.5 to 0.25 percent.
- A target for the yield on 3-year Australian Government bonds of around 0.25 percent. This will be achieved through purchases of Government bonds and semi-government securities by the RBA.
- A term funding facility for the banking system, with particular support for credit to small and medium-sized businesses. This involves the provision by the RBA of a three-year funding facility to authorised deposit-taking institutions (ADIs) at a fixed rate of 0.25 per cent. The facility is for at least \$90 billion in funding.
- Australian Banking Association (ABA) advised following on from the RBA announcement, that financial lenders will
 - ✓ offer deferred loan repayments for small businesses affected by COVID-19 for six months.
 - ✓ these measures could potentially save small businesses \$8 billion, depending on uptake.
 - ✓ The package is subject to authorisation by the Australian Competition and Consumer Commission (ACCC)
 - ✓ Individual lenders will continue to make relevant announcements over the coming days.

Got Queries ? Ask Us



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WESTERN AUSTRALIA STIMULUS (SP-II)

Payroll Tax

- Payroll tax will be waived for a four-month period between March 1, 2020 to June 30, 2020 for small-to-medium sized businesses with Australia-wide annual wages of less than \$7.5 million in 2019-20. This will deliver around \$165 million in relief.
- The payroll tax waiver announced today **replaces** the payroll tax deferral announced earlier for businesses with total Australian wages below \$7.5 million and applied to the period between 1 March and 30 June.
- Payroll tax paying businesses with total Australian wages between \$1 million and \$4 million will receive a grant of \$17,500. The grants will be issued by cheque to eligible taxpayers in July 2020 (no application is necessary). Additional payroll tax relief will also apply for small businesses as a result of the payroll tax threshold increasing to \$1 million from 1 July 2020 (six months earlier than planned).

Rent Relief for Small businesses and not-for-profits

- \$25 million allocated to provide rent waive for six months for eligible tenants of buildings owned by Government agencies and trading enterprises, effective immediately. This is the first time the State Government has waived rental payments for tenants.
- The plan will benefit businesses such as convenience stores in train stations, cafés in government buildings, and restaurants in tourism precincts, such as Elizabeth Quay and Yagan Square. It will also benefit eligible small businesses leasing land from the State, such as caravan park and eco-tourism operators.
- State Government sets example to private sector to offer rent relief to those impacted by COVID-19

Government charge waivers and business support

- Electricity bills will be reduced with a one-off \$2,500 credit available for Synergy and Horizon Power customers that consume less than 50 megawatt hours (MWh) per annum. The credit is available for current customers (as of March 31, 2020) and will be allocated from May 1, 2020 to reduce current and future electricity bills.
- \$100.4 million has been allocated to waive a wide range of licence fees SMEs in COVID-19 impacted industries for the next 12 months. This includes licences for building services, plumbers and electricians; tourism businesses operating in national and marine parks; boat registration and mooring fees for tourism operators and commercial fishers; commercial fisheries licences; taxi booking service authorisation fees; settlement agent licence fees; and other statutory planning fees. Liquor licence renewal fees for 2020 will be waived and refunds provided for businesses that have already paid.
- Businesses impacted by COVID-19 can also apply for an interest-free payment arrangement and for late payment penalties to be waived for payroll tax, transfer duty, landholder duty, vehicle licence duty or land tax.
- No small businesses facing financial difficulty due to COVID-19 will face power or water disconnections due to late payments. In addition, no interest will be charged on deferred bill payments. For electricity, this will apply to Synergy and Horizon Power customers who consume 50MWh or less.

WESTERN AUSTRALIA STIMULUS (SP-II)

Income Support for Individuals & Households

- Double the Energy Assistance Payment (EAP) to \$610 to support vulnerable Western Australians. Eligibility has now been expanded to include new eligible applicants until September 30, 2020. This ensures that any person unemployed due to COVID-19 who becomes eligible for a concession card will receive an upfront \$305 credited against their electricity bill (from May 11, 2020) and up to a further \$305 credited over the course of the next year.
- EAP boost payments for Western Australians, eligible as at March 16, 2020 have been brought forward to this financial year rather than being paid from July 1, 2020 providing relief sooner to WA households. The extension of eligibility of the EAP boost is expected to increase the cost by \$24.4 million to \$115.8 million.
- No households in Western Australia experiencing financial hardship as a result of COVID-19 will have their power or water disconnected. In addition, as of tomorrow no interest will be charged on deferred bill payments for those experiencing COVID-19-related financial hardship. This applies to Synergy and Horizon Power customers.
- Households that are directly or indirectly impacted by COVID-19 may also apply for an interest-free payment arrangement and for late payment penalties to be waived for transfer duty, landholder duty, vehicle licence duty or land tax.
- Keystart customers facing financial hardship due to COVID-19 can apply to defer principal repayments and waive interest costs by up to six months. Assistance will be assessed on a case-by-case basis in line with Keystart's Hardship Assessment policy. This will mean, for example, a customer borrowing \$350,000 over a 30-year loan can defer estimated repayments of \$10,690 over six months, or \$1,781 per month. The interest saving over a six-month period would be around \$7,000 for newly established loans.

Community Service Assistance & Relief Fund to provide crisis support

- Electricity bills for around 2,800 charities will be reduced, with a one-off \$2,500 credit provided for groups on community service and charitable accommodation electricity tariffs with Synergy and Horizon Power. The credit will be allocated from May 1, 2020 to reduce current and future bills and is expected to provide an estimated \$6.9 million in assistance.
- Funding certainty has been provided to community service providers, with government agencies to continue to pay contracts with the sector until at least June 30, 2020, even if providers are unable to deliver services due to impacts caused by COVID-19.
- Lotterywest grants prioritised towards a \$159 million COVID-19 Relief Fund. \$59 million immediately available for crisis relief for organisations helping people experiencing hardship as well as for community groups impacted by event cancellations. Up to \$100 million additional funds to be raised through Lotterywest sales
- Eligible not-for-profit organisations and community groups can apply immediately for grant support

Furthermore,

- An additional \$500 million has also been allocated to health and other frontline service delivery. This funding will go towards increasing supplies of personal protective equipment, ventilators, additional staff and hospital beds to cope with a surge in demand in the health system especially due to Covid-19, and increasing cleaning of public transport and schools and any additional measures required by frontline services.

WESTERN AUSTRALIA STIMULUS (SP-I)

Stamp Duty

- The WA Government announced last October that it would provide an estimated \$29 million in stamp duty rebates to stimulate the property and construction sectors. This applies to pre-construction contracts for apartments and is a rebate of 75% of the standard duty payable.

Other recent measures announced include:

- A \$200 million maintenance package for WA schools.
- A \$222 million housing and homelessness package.
- \$53.5 million to reduce TAFE by 50 per cent for priority occupations.
- \$12.85 million tourism boost to support local tourism industry and deliver cheaper regional airfares.
- \$81.5 million maintenance package for WA health facilities

FORTUNA ASSURANCE

WE ARE HERE TO HELP

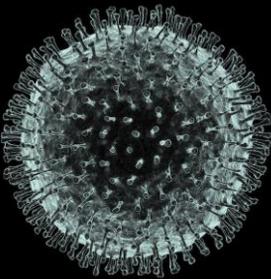


LIKE YOU, WE ARE FIGHTING **CORONA-VIRUS** TOO BY **NOT LETTING IT SLOW US DOWN**

We will continue to service you while working from home. Please feel free to email or call us as you normally would and we will route it to your relevant consultant.

As we are maintaining social distancing, we have a secure PO Box number 963 at the Post Office across the road from our office if you would like to drop off your documentation. If you prefer to drop documents in person, please call us to ensure our Reception is available in the office.

Together, we can...



(08) 9240 4211



support@fortunaadvisors.com.au

COVID-19 RELATED TAX FAQS

Financial hardship

- **Question:** I've had my hours cut back at work and I can't afford to pay the bills. What assistance is available to me?
- **Answer:** We can apply to have the tax withheld from your pay reduced for the rest of the financial year, so you don't have to wait to get a refund when you lodge your tax return. You cannot get a variation if any of the following apply:
 - ✓ Your tax returns are not up to date.
 - ✓ You have a debit assessment for the previous year as a result of a previous withholding variation.
 - ✓ You have outstanding tax or superannuation debts.

Working from home

- **Question:** My employer is encouraging or requiring me to work from home. Will I be able to claim a deduction for home office expenses?
- **Answer:** If you work from home because of COVID-19, you may be able to claim a deduction for the additional running expenses you incur. These include expenses associated with heating, cooling and lighting in the area you are working from, phone and internet and other running expenses.

Buying protective items

- **Question:** Can I claim a deduction for gloves, face masks, sanitiser, anti-bacterial spray that I use at work due to COVID-19?
- **Answer:** You may be able to claim a deduction for protective items you purchase and use at work. To be deductible both of the following must apply:
 - ✓ You must have incurred the expense yourself.
 - ✓ It must have a sufficient connection with the earning of your assessable income, which means you are exposed to the risk of illness or injury in the course of carrying out your income earning activities
 - ✓ the risk is not remote or negligible
 - ✓ the protective item is of a kind that provides protection from that risk and would reasonably be expected to be used in the circumstances
 - ✓ you use the item in the course of carrying out your income earning activities.
- If your specific employment duties require you to have physical contact or be in close proximity to customers or clients while carrying out your duties or you are involved in cleaning premises, you can claim a deduction for expenditure on protective items.
- If you use items for both work-related and private purposes, you can only claim a deduction for the portion of the expense that relates to your work-related use.

COVID-19 RELATED TAX FAQS

Super guarantee obligations

- **Question:** I can't afford to pay my employee's super guarantee contributions by the due date because of COVID-19. What do I need to do?
- **Answer:** Legally, ATO can't extend the due date to pay the super guarantee contributions for your employees. Pay as much as you can by the due date, even if you can't pay in full. This will reduce the super guarantee charge. If you didn't pay the full super guarantee by the due date:
 - ✓ We can lodge a Super guarantee charge statement for you
 - ✓ pay the charge to ATO.
 - ✓ If you do this within the month, there will be no penalties. Interest will still apply.
- If you have trouble paying the super guarantee charge, we can work with you to set up a payment arrangement with the ATO.

Payments due before and after 23 January 2020

- **Question:** Can I defer the due dates for tax payments that were due before 23 January 2020?
- **Answer:** No, you cannot defer due dates for tax payments that were already due before 23 January 2020. However we can request a:
 - ✓ remission of interest that has accrued on those debts from 23 January 2020
 - ✓ low interest payment arrangement. Also see questions about [Interest and penalties](#).
 - ✓ Payments due from 23 January 2020
- **Question:** Can I defer the due dates for tax payments that were due after 23 January 2020?
- **Answer:** Yes, we can request a deferral of due dates for tax payments that were due after 23 January 2020.

PAYG instalment rates and payments

- **Question:** I have to pay regular PAYG instalment amounts to cover the tax on my investment income. My income from investments has dropped due to COVID-19. Can I reduce my instalment payments?
- **Answer:** If your investment income has been affected by COVID-19, and you think your current instalment rate will result in you paying more tax than will be due for the year, discuss with us and we can vary your instalment rate on your next activity statement in line with what we estimate will be your tax due for the year. If you have already paid instalments that exceed what we estimate will be your tax due for the year, we can record the amount you have overpaid as a negative amount on your activity statement, and this will generate a refundable credit. If your income has not dropped but you are unable to pay your instalment when it is due, we can request a deferral of payment until 12 September 2020.

COVID-19 RELATED TAX FAQS

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 - ✓ pay the charge to us.
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COVID-19 RELATED TAX FAQS

Tax will be about the same as last year but I need cash flow relief now

- **Question:** I still expect I will owe the same tax at the end of the year, but I need cash flow relief now. What can I do?
- **Answer:** We can ask ATO to withdraw your instalment notice. We can do that for the next two quarters, so you don't have to pay more instalments this financial year. We can also backdate the withdrawal to the start of this financial year, so you can get a refundable credit for the payments you have already made.
- However, take into account that you will still need to pay your full tax liability when you lodge your tax return at the end of this financial year, without the benefit of credits from your pre-paid instalments.
- Where you choose to vary your PAYG instalments ATO won't apply penalties or charge interest to varied instalments for the 2019–20 financial year.

PAYG withholding amounts

- **Question:** Can I vary my PAYG withholding amounts from employees to zero for the next quarter?
- **Answer:** No. The PAYG instalment reduction option only applies to instalments you pay in advance towards your own expected tax liabilities. You will still need to report and pay the amounts you withhold from your employee's wages.

Cancelled supplies and events

- **Question:** I gave customers a reimbursement due to a cancelled sale or no show. What do I do about the GST?
- **Answer:** If you provide your customer with a reimbursement due to a cancelled sale or no show, and you have already paid the GST to ATO, you can make a decreasing adjustment to reduce the amount GST payable in your next activity statement. You cannot claim back the GST from as a decreasing adjustment until you have refunded or reimbursed your customer. Reimbursement can take the form of:
 - ✓ a payment in money
 - ✓ the setting off of mutual liabilities or the issuing of a voucher.

COVID-19 RELATED TAX FAQS

Interest and Penalties

Remitting interest and penalties incurred before and after 23 January 2020

- **Question:** My business has been affected by COVID-19. Am I entitled to have all interest and penalties I currently owe remitted?
- **Answer:** The COVID-19 remission only applies to interest and penalties that were incurred on or after 23 January 2020. It will not apply to interest or penalties that were already incurred before 23 January 2020. However, for debts you owed before 23 January 2020, we can:
 - ✓ consider whether your circumstances before 23 January 2020 would enable you to be granted a remission of interest and/or penalties
 - ✓ arrange to stop interest being charged while the COVID-19-affected period continues, and for the life of a payment arrangement if you put one in place.

Entering into a low interest payment plan

- **Question:** What kind of low interest payment plan could I request?
- **Answer:** ATO is currently able to consider payment arrangements where interest stops being charged going forward while the payment arrangement is in place. Your payment arrangement will still need to be something you are able to comply with and that is acceptable to the Commissioner (in that you will be paying back your debt as soon as possible in the circumstances).

Adjusting an existing payment arrangement

- **Question:** I am currently in a payment arrangement for my business debt but, due to the impact of COVID-19, I can't keep paying instalments at the same rate. Can I get a change in my repayment rate or defer my next payment date?
- **Answer:** Yes, we can consider adjusting your repayments to something that is manageable within your current cash flow while ensuring you are paying back your debt as soon as possible in the circumstances. A low interest arrangement could also be available to help you address your debt.
- Payment arrangement in place to pay your tax debt can also be suspended, varied or cancelled on grounds that your payments have dropped due to COVID-19 outbreak.

COVID-19 RELATED TAX FAQS

Self-managed super funds

Super balance losses

- **Question:** My super balance has been affected by downturns in the global economy. Can I claim this loss?
- **Answer:** Losses arising in a super fund may be available to the fund to deduct against gains in future years, however the losses are not available to you to deduct in your own personal tax return. As you don't return any profit made in your super fund as assessable income, similarly you can't claim a deduction for the loss in your super balance. However if you made personal super contributions during the financial year to a complying super fund, you may be able to claim a deduction for those contributions like you normally do.

Investment Strategies

- **Question:** The downturn in the market has impacted on my SMSF's investment strategy. What do I need to do?
- **Answer:** Trustees must prepare and implement an investment strategy for their SMSF, which they must then give effect to and review regularly. The strategy should be reviewed at least annually, and you should document that you've undertaken this review any decisions arising from the review. Certain significant events, such as a market correction, should also prompt a review of your strategy and may require updating your investment strategy.
- Where the assets of an SMSF or the level of investment in those assets fall outside of the scope of your investment strategy, you should take action to address that situation, which could involve adjustments to investments or updating your investment strategy. We don't consider that short term variations to your articulated investment approach, including to specified asset allocations whilst you adjust your investments, constitute a variation from your investment strategy. All investment decisions must be made in accordance with the investment strategy of the fund. If in doubt, trustees should seek investment advice.

Temporarily reducing rent

- **Question:** My SMSF owns real property and wants to give my tenant – who is a related party – a reduction in rent because of the financial impacts of the COVID-19. Charging a related party a price that is less than market value is usually a contravention. Given the impacts of the COVID-19, will the ATO take action if I do this?
- **Answer:** Some landlords are giving their tenants a reduction in or waiver of rent because of the financial impacts of the COVID-19 and we understand that you may wish to do so as well. ATO's compliance approach for the 2019–20 and 2020–21 financial years is that ATO will not take action where an SMSF gives a tenant – who is also a related party – a temporary rent reduction during this period.

In-house asset restrictions

- **Question:** The downturn in the share market may result in the fund's in-house assets being more than 5% of the fund's total assets. The in-house asset rules would be breached. What do I need to do?
- **Answer:** If, at the end of a financial year, the level of in-house assets of a SMSF exceeds 5% of a fund's total assets, the trustees must prepare a written plan to reduce the market ratio of in-house assets to 5% or below. This plan must be prepared before the end of the next following year of income. If an SMSF exceeds the 5% in-house asset threshold as at 30 June 2020, a plan must be prepared and implemented on or before 30 June 2021. However, we will not undertake compliance activity if the rectification plan was unable to be executed because the market has not recovered or it was unnecessary to implement the plan as the market had recovered.

KEY CONTACT PEOPLE TO HELP FIGHT COVID-19

FOR ALL TAX & ATO MATTERS

Got Queries? We are Here to Help



Dinesh Aggarwal
Managing Director



Dee Newman
Manager – Tax & Business Services



Melvyn Gilbert
Manager – Tax & Business Services

FOR LEGAL ADVICE



Stephen Gethin
Director, Fortuna Legal



Eric Maroni
Chief Broking Consultant

FOR INVESTMENT &
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LIKE YOU, WE ARE FIGHTING **CORONA-VIRUS** TOO
BY **NOT LETTING IT SLOW US DOWN**

We will continue to service you while working from home. Please feel free to email or call us at 9240 4211 as you normally would and we will route it to your relevant consultant. If you want to visit us in person, call us. Together, we can...

