

# COVID-19 GOVERNMENT POLICY FOR BUSINESS AND EMPLOYEES

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# **BIG TICKET ITEMS FOR BUSINESS**

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Measure	What's it about?	Who is eligible?
<b>Instant Asset Write-Off</b>	This is a federal measure. An immediate deduction is available for new or secondhand income tax depreciable assets costing less than \$150,000.	<ul style="list-style-type: none"><li>➤ Businesses with an aggregated turnover of less than \$500 million; and</li><li>➤ The income tax depreciable asset must be used or installed ready for use after 12 March 2020, but before 30 June 2020.</li></ul>
<b>Backing Business Investment</b>	This is a federal measure. An immediate 50% income tax deduction maybe available for the cost of a new income tax depreciable assets.	<ul style="list-style-type: none"><li>➤ Businesses with aggregated turnover of \$500 million or less;</li><li>➤ The income tax depreciable asset must be acquired after 12 March 2020 and first used or installed ready for use by 30 June 2021; and</li><li>➤ The income tax deduction is claimed in the first year the income tax depreciable asset is first used or installed.</li></ul>
<b>ATO Administrative Concession for Business</b>	<p>The ATO has released a series of administrative measures to assist businesses impacted by COVID19, including:</p> <ul style="list-style-type: none"><li>➤ Deferrals for Business Activity Statement (BAS) payments (including PAYG Instalments), income tax payments and Fringe Benefit Tax payments;</li><li>➤ Varying the instalment rate for the March 2020 quarter to nil and claiming a refund for any instalments made for the September and December 2019 quarters; and</li><li>➤ Remitting any interest and penalties incurred on or after 23 January 2020 that have been applied to tax liabilities.</li></ul>	Contact the 'Large Business Services' team at the ATO to access this support and determine eligibility.

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Measure	What's it about?	Who is eligible?
<b>Wage Subsidy – Jobkeeper Payment</b>	<p>The Government has announced on 30 March, as part of its economic packages in response to COVID 19, a \$130 billion wage subsidy 'Job-Keeper Payments' to encourage businesses affected by COVID-19 to keep paying salaries to their employees. The JobKeeper Payment is a temporary scheme open to businesses impacted by the Coronavirus. It will also be available to the self-employed. Affected employers will be able to claim a fortnightly payment of \$1,500 per eligible employee from 30 March 2020, for a maximum period of 6 months. The first payment will be received by employers from the ATO in the first week of May.</p>	<p>The eligibility criteria is as follows:</p> <p>Businesses with a “turnover” of:</p> <ul style="list-style-type: none"><li>➤ Less than \$1billion, if their turnover has reduced by more than 30% relative to the comparative period a year ago (of at least a month) (eg. March 2019 vs March 2020);</li><li>➤ More than \$1billion, if their turnover has reduced by more than 50% relative to the comparative period a year ago (of at least a month) (eg. March 2019 vs March 2020).</li></ul> <p>2) Employers must have been in an “eligible employment relationship” with “eligible employees” on 1 March 2020 and each employee must be currently engaged by the employer. Eligible employees are employees who:</p> <ul style="list-style-type: none"><li>➤ Are currently employed by the eligible employer (including those stood down or re-hired);</li><li>➤ Were employed by the employer at 1 March 2020;</li><li>➤ Are full-time, part-time or long term casuals (ie. a casual employed on a regular basis for longer than 12 months as at 1 March 2020);</li><li>➤ Are at least 16 years of age;</li><li>➤ 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</li><li>➤ Are not in receipt of a JobKeeper Payment from another employer.</li></ul>

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Measure	What's it about?
<b>Other State Based Concessions</b>	<p>All states have announced economic stimulus packages with varying degrees of relief for businesses:</p> <p><b>WA</b></p> <ul style="list-style-type: none"><li>➤ Payroll tax will be waived from March to June for employers, or groups of employers, with Australian taxable wages of less than \$7.5m at 30 June 2020.</li><li>➤ A once-off grant of \$17,500 will be given to employers whose annual Australian taxable wages were between \$1m and \$4m.</li><li>➤ Employers with over \$7.5m of Australian taxable wages can apply online for an interest-free payment arrangement.</li></ul> <p><b>QLD</b></p> <ul style="list-style-type: none"><li>➤ Employers (or part of a group of employers) who pay less than \$6.5m in Australian taxable wages may receive a refund of payroll tax for 2 months, and waive payroll tax for 3 months.</li><li>➤ Employers (or part of a group of employers) who pay more than \$6.5m in Australian taxable wages can apply for a deferral of payroll tax for the 2020 calendar year and a refund of payroll tax for 2 months.</li></ul> <p><b>NSW</b></p> <ul style="list-style-type: none"><li>➤ Employers (or part of a group of employers) who pay less than \$10m in Australian taxable wages will have a 25% payroll tax discount and no monthly payments for the March to May periods.</li><li>➤ Employers (or part of a group of employers) who pay more than \$10m in Australian taxable wages will have the option to defer payroll tax for up to 6 months from the March period.</li></ul> <p><b>VIC</b></p> <ul style="list-style-type: none"><li>➤ Employers who pay less than \$3m in Victorian taxable wages will payroll taxes waived for the 2019-2020 financial year. We note this measure applies to each employer individually, so any member of a group that pays Victorian taxable wages of less than \$3m may be eligible for the relief.</li></ul> <p><b>TAS</b></p> <ul style="list-style-type: none"><li>➤ Employers who pay less than \$5m in Australian group wages who can demonstrate their operations have been affected by COVID19 will receive a waiver of payroll tax for the 2019-2020 financial year.</li></ul> <p><b>SA</b></p> <ul style="list-style-type: none"><li>➤ Business groups who pay less than \$4m of Australian taxable wages will receive a 6 month payroll waiver.</li><li>➤ Business groups with over \$4m of Australian taxable wages who can demonstrate they have been significantly affected by COVID19 can apply to defer payroll tax payments for 6 months for the April to September period.</li></ul>

## Who is eligible?

Depending on the respective state, the local Office of State Revenue will be in contact with the relevant business. In other states, an application has to be made with the local Office of State Revenue showing there has been a negative impact to business from COVID 19.

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Measure	What's it about?	Who is eligible?
<b>Tax Free Payments</b>	<ul style="list-style-type: none"><li>➤ Tax free payments between \$2,000 and \$25,000 processed as credits through monthly and quarterly BAS lodgements for April to June 2020 calculated as half of the Pay As You Go withholding taxes from employee salaries.</li></ul>	<ul style="list-style-type: none"><li>➤ Small to medium sized businesses with turnover of less than \$50million.</li></ul>
<b>Other Tax Specific Considerations</b>	<ul style="list-style-type: none"><li>➤ Taxation of returns to investors.</li><li>➤ Balance Sheet impairments impacting deductibility of debt for international business (including thin capitalisation considerations).</li><li>➤ Planning around the timing of capital gains tax events for income tax efficiencies.</li><li>➤ Deferred Tax Asset recognition for corporates lodging financial statements with ASIC</li></ul>	<ul style="list-style-type: none"><li>➤ Considerations for larger corporates.</li></ul>

# **BIG TICKET ITEMS FOR EMPLOYEES**

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Measure	What's it about?	Who is eligible?
<b>Employees Working from Home</b>	<ul style="list-style-type: none"><li>➤ Simplified method of claiming income tax deductions for additional running costs from 1 March 2020 to at least 30 June 2020.</li><li>➤ Claimable expenses may include electricity, cleaning phone and internet (all relating only to work areas).</li><li>➤ Home office equipment may also be deductible upfront (if cost is less than \$300), or depreciable (if cost is more than \$300).</li><li>➤ Can't claim occupancy and general household costs otherwise provided at work.</li><li>➤ Three methods available for deductibility: shortcut method, fixed rate method or actual method.</li></ul>	<ul style="list-style-type: none"><li>➤ Employees working from home.</li><li>➤ Money must be spent; the expense must relate directly to earning income; and there must be a record of evidence.</li></ul>
<b>Taxation on Employment Methods</b>	<ul style="list-style-type: none"><li>➤ Payments from employers to employees in relation to being stood down, pandemic allowance or COVID 19 payments are taxable as ordinary income.</li><li>➤ If payment has been received because of termination, there maybe three components of taxation: tax-free, concessionally taxed and taxed at marginal rates</li></ul>	<ul style="list-style-type: none"><li>➤ Employees who have been stood down or lost employment because of COVID 19</li></ul>

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