



FACT SHEET: BUSINESS - EMPLOYERS

The recent, unprecedented Government responses to the COVID19 crisis are predominantly focussed on maintaining employment. The main measures are the JobKeeper payments and the PAYG Withholding Cash Flow Boost. Those measures, as well as other measures taken by State Governments, are set out below.

Cash Flow Boost - PAYG Withholding

The Government is enhancing the 'Boosting Cash Flow for Employers' measure it announced on 12 March 2020, to help employers with their cash flow. This measure allows eligible employers to access minimum tax-free payments of \$20,000 (and up to \$100,000) based on PAYG withheld as reported on the employer's business activity statement (BAS) or instalment activity statement (IAS) from the March 2020 month or quarter.

Under the enhanced scheme, employers will receive a payment equal to 100 per cent of the PAYG withheld from salary and wages in the period to June 2020, with the maximum payment being \$50,000 and a minimum payment of \$10,000.

An additional payment will be made in the July – October 2020 period, with eligible entities receiving a payment equal to the total of the Boosting Cash Flow for Employers payments they received in the period to June 2020. This means that eligible entities will receive at least \$20,000 and up to a total of \$100,000.

The cash flow boost provides a tax-free payment to employers and is automatically calculated by the Australian Taxation Office (ATO). There are no new forms required.

Who do the rules apply to?

Businesses whose aggregated turnover is less than \$50m for the 2018-19 income year or is reasonably likely to be less than \$50m for the 2019-20 income year who make any payments between 1 January 2020 and 30 June 2020 that are subject to PAYG withholding. Charities and not-for-profit entities of a similar size may also be eligible.

Payments subject to PAYG withholding can include payments of salary and wages to employees, payments of company director's fees and payments to contractors where there has been a voluntary agreement to withhold.

Initial payment

The payment will be delivered by the ATO as an automatic credit in the activity statement system from 28 April 2020 upon employers lodging upcoming activity statements. Employers that withhold tax to the ATO on their employees' salary and wages will receive a payment equal to 100 per cent of the amount withheld, up to a maximum payment of \$50,000. Employers that pay salary and wages will receive a minimum payment of \$10,000, even if they are not required to withhold tax.

Additional payment

To qualify for the additional payment, the entity must continue to be active.

For monthly activity statement lodgers, the additional payments will be delivered as an automatic credit in the activity statement system. This will be equal to a quarter of their total initial Boosting Cash





Flow for Employers payment following the lodgement of their June 2020, July 2020, August 2020 and September 2020 activity statements (up to \$12,500 per month up to a total of \$50,000).

For quarterly activity statement lodgers, the additional payments will be delivered as an automatic credit in the activity statement system. This will be equal to half of their total initial Boosting Cash Flow for Employers payment following the lodgement of their June 2020 and September 2020 activity statements (up to a total of \$50,000).

To provide a similar treatment to quarterly lodgers, the payment for monthly lodgers will be calculated at three times the rate (300 per cent) in the March 2020 activity statement. The minimum payment will be applied to the entities' first lodgement.

Integrity Rules

The new legislation was introduced into law with an integrity rule, which can result in an entity not being entitled to any amount of the cash flow boost, where steps have been taken ***with the sole or dominant purpose of gaining access to the measure (or increasing the amount to be received under the measure)***.

The Australian Taxation Office (ATO) has stated it will be monitoring increases in PAYG withholding claims and backdated registrations and will be seeking to apply the integrity rule.

It has issued a warning that the integrity rule may apply where a business is restructured or the way in which workers are ***usually*** paid is changed so that the business becomes eligible for the cash flow boost or to maximise the cash flow boost.

Cash Flow Boost - PAYG Instalments

Businesses can vary PAYG Instalments if they don't reflect the current financial circumstances and will result in you paying too much tax for the financial year. Due to the exceptional circumstances surrounding COVID-19, the ATO will not apply penalties or charge interest to varied instalments for the 2019–20 year if you over-vary.

If you are a large corporate, any variation to your instalment rate and payments must align to what your final tax liability for the year is likely to be. You can't ask for a refund on all instalments paid for the financial year to date anticipating that you will end up with a tax liability at the end of the financial year.

Cash Flow Boost – Payroll Tax

The relevant State Governments have introduced measures to provide Coronavirus Payroll Tax Relief.

You may be eligible for one or more of a range of payroll tax relief measures as a result of the impacts of coronavirus (COVID-19).

These measures vary from State to State and depend on your Payroll Thresholds, but for Queensland include:

- refunds of payroll tax for 2 months (November and December 2019)
- a payroll tax holiday for 3 months (ie no payroll tax to be paid) for 3 months (January to March 2020)
- deferral of paying payroll tax for the 2020 calendar year.





Employer Support - Apprentices and Trainees

Small business employers can apply for a **wage subsidy** of **50 per cent** of the apprentice's or trainee's wage **for 9 months** from 1 January 2020 to 30 September 2020. Where a small business is not able to retain an apprentice, the subsidy will be available to a new employer.

The wage subsidy will be claimable for wages paid since 1 January 2020 and will be available to small businesses employing fewer than 20 employees who retain an apprentice or trainee.

Employers can register for the subsidy from 2 April 2020 and final claims for payment must be lodged by 31 December 2020.

Employers of any size may be eligible for the subsidy, but the apprentice or trainee must have been in-training with a small business as at 1 March 2020.

Employer JobKeeper Payments

Both houses of Parliament have recently approved of the government's plan to push ahead with the \$130 billion JobKeeper package.

For employers and employees who meet the eligibility criteria, they will receive the minimum payment amount of **\$1,500 per fortnight**. Full-time and part-time workers, including stood down employees, will be eligible for the JobKeeper Payment, passed on from their employer.

Casual workers will need to have been employed for at least 12 months to be eligible for the program.

Eligible employers

The employer entity is eligible if its **GST Turnover** for a **turnover test period** of **at least one month**, falls short of the entity's GST turnover for the corresponding period in 2019 by:

- 15% (for certain charities)
- 50% (if the entity's aggregated turnover for the current year is likely to exceed \$1 billion or exceeded \$1 billion for the previous income year)
- 30% (for all other businesses including Self Employed Sole Traders)

Eligible employees

An eligible employee is a person who is employed at any time in the fortnight and on 01 March 2020:

- was at least 16 years old, and
- was an Australian resident for social security purposes or a Tax resident subclass 444 visa holder, and;
- was employed full time, part time, or casually (a casual must have been with the employer for at least 12 months on a regular and systematic basis), and
- provides the employer the required notice for the claim, and
- is not in receipt of the JobKeeper payment from another employer

Continuity of Employment

In relation to Permanent Employees who have changed employment since 01/03/20 and Casual Employees in respect to the 12 month requirement, if the previous employer





- is in the same wholly owned group as the current employer, or
- carried on the same business now carried on by the current employer, then
- the employee will be regarded as having been an employee of the current employer during the previous employment

Non-Employee Business Participants

Sole Traders, Partners in Partnerships, Beneficiaries of Trusts, Shareholders in Companies and Non-Working Directors of Companies, can participate in the JobKeeper Scheme, even though they are not Employees.

Only one individual per entity may be eligible and this selected individual: -

- Cannot be employed by the entity during the fortnight
- Cannot be employed by another entity
- Must be **Actively Engaged** in the business
- Must be over 15 years of age and an Australian Resident

How to Receive the Subsidy

The Government has chosen to administer the scheme using a **fortnightly time period** – referred to as the *JobKeeper Fortnight*.

The fortnights begin on Monday 30 March 2020 and end on 27 September 2020 with 26 weeks or 13 reporting fortnights available.

The first two JobKeeper Fortnights, commencing from 30 March 2020, are transitional in regard to the entitlement, and will be based on a registration by the employer being received prior to 26 April 2020. An employer does not have to elect to be part of the scheme from the first JobKeeper Fortnight and may register from a subsequent fortnight, prior to the end of that particular fortnight.

Employers are required to:

- **Register Interest** – in the JobKeeper payment on the ATO website
- **Notify the Commissioner** – of their desire to participate on the approved form by 26.04.2020
 - For the payments to backdate and commence from 30 March 2020
 - Or before the end of the next JobKeeper fortnight in which it wants to participate
- **Obtain notification** – from each employee of their consent to be included in the program
- **Provide details** – of eligible employees each fortnight on the approved form to the ATO
- **Notify** – eligible employees each fortnight of their claim subsidy
- **Report Monthly** – to the ATO by the 7th of each month, the *Projected GST Turnover* for the **test period** which has fallen short of the *Current GST Turnover* for the relevant **comparison period**

Next steps

Contact us on 5504 5700 or email info@cordner.com.au to discuss your circumstances and how we can assist you.

