DONEGAN'S
EDMONDSON TURNER
ACCOUNTANTS

client alert

tax news | views | clues

Do you or your business need help?

If you or your business need help with your financial arrangements during this difficult time, we can help you to work out which of the many coronavirus (COVID-19) related payments, concessions and arrangements apply to you, and how you can best make use of them. Contact us today.

ATO coronavirus administrative support

A series of administrative measures to assist businesses experiencing financial difficulty as a result of the COVID-19 pandemic has been announced by the ATO. These include deferring the payment date and amounts due on Business Activity Statements (BASs), income tax assessments, FBT assessments and excise by up to four months. Businesses will also be allowed to change payment and reporting cycles for GST and vary PAYG instalment amounts. Any interest or penalties applied to tax liabilities incurred after 23 January 2020 may be remitted.

The measures that will apply are similar to those for taxpayers affected by the recent Australian bushfires. However, one important point of difference is that while the bushfire measures applied automatically to particular geographical areas, assistance for those impacted by COVID-19 will not be automatically implemented. Taxpayers who have been affected will need to contact the ATO to discuss their situation in order to come up with a tailored support plan.

The ATO has also clarified that emergency accommodation, food, transport, medical or other assistance provided by employers to employees affected by COVID-19 may be exempt from FBT, depending on the circumstances. However, employers will still need to meet their ongoing super guarantee obligations for their employees. The ATO says that by law, it cannot vary the contribution due date or waive the superannuation guarantee charge where super guarantee payments are late or unpaid.

Coronavirus stimulus: what's in it for you?

In an effort to combat the economic effects of the global coronavirus pandemic, on 12 March 2020 the Federal Government announced an economic stimulus package worth $17.6 billion, which it said is expected to provide direct support for up to 6.5 million individuals and 3.5 million businesses. The package includes business investment initiatives, cash flow assistance payments to small and medium entities (SMEs), household stimulus payments and support for impacted sectors, regions and communities, as well as tax administration relief.

Business initiatives

The instant asset write-off threshold will be increased from $30,000 to $150,000 and expanded to include access for businesses with aggregated annual turnover of less than $500 million (up from $50 million) until 30 June 2020.

A time-limited 15-month investment incentive (through to 30 June 2021) will also be provided to support business investment by accelerating depreciation deductions.

Eligible small and medium entities will receive a Boost Cash Flow for Employers payment of up to $25,000. The tax-free payment will provide cash flow support to businesses with a turnover of less than $50 million that employ staff between 1 January 2020 and 30 June 2020. Businesses will receive payments of 50% of their Business Activity Statement (BAS) or Instalment Activity Statement (IAS) from 28 April 2020, with refunds to be paid within 14 days.

Eligible small businesses employers can apply for a wage subsidy of 50% of an apprentice's or trainee's wage for up to nine 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 that employs that same apprentice.

Household stimulus for pensioners

A one-off $750 stimulus payment will be made to pensioners, social security, veteran and other income support recipients and eligible concession card holders. Payments will be made from 31 March 2020 on a progressive basis, with over 90% of payments expected to be made by mid-April. This payment will be tax-free and not count as income for social security, farm household allowance and veteran payments.

TIP: In addition to this initial $750 stimulus payment, the Government announced on 22 March that a further $750 payment will be provided (as part of a secondary stimulus package) to social security and veteran

income support recipients and eligible concession card holders. Payments of the secondary $750 amount will be made automatically from 13 July 2020.

There will be one payment per eligible recipient under the first stimulus package, and one payment under the second. If a person qualifies for either or both payments in multiple ways, they will still only receive each payment once (ie there will be a maximum of two $750 payments per eligible person).

Coronavirus stimulus: round 2

To further support businesses and workers in riding out the COVID-19 pandemic and minimise the impact on the overall economy, on 22 March 2020 the Federal Government announced a second round of stimulus measures in addition to the initial announced on 12 March. This second package includes support for individuals and households, including casual workers, sole traders, retirees and people who receive income support payments.

Business measures

Cash payments for small to medium employers

Tax-free payments of up to $100,000 (with a minimum payment of $20,000) will be available for eligible small and medium entities (SMEs) and not-for-profits that employ people and have an aggregated annual turnover under $50 million. Employers will receive a payment equal to 100% of the withholding tax liability on their salary and wages, subject to monetary limits. This payment will be available to most employers from 28 April 2020.

SME loan guarantee scheme

A Coronavirus SME Guarantee Scheme will be established to support SMEs in getting access to working capital. Under the scheme, the government will guarantee 50% of new loans issued by eligible lenders. The scheme is able to support $40 billion worth of lending to SMEs.

Personal measures

Increase in income support payments supplement

A new temporary "Coronavirus Supplement" of $550 per fortnight will be implemented for people receiving certain income support payments. Eligible recipients will receive the full amount of $550 on top of their payment each fortnight, effectively doubling the current payment amount. The supplement will be paid for the next six months to existing and new recipients of the various Centrelink payments including the JobSeeker Payment (formerly called Newstart Allowance), Youth Allowance Payment for job seekers, Parenting Payment, Farm Household Allowance and Special Benefit Payments.

Further $750 for pensioners

In addition to the initial $750 stimulus payment previously announced, a further $750 payment will be provided to social security and veteran income support recipients and eligible concession card holders. This does not apply to those receiving the temporary Coronavirus Supplement.

Superannuation early release

Individuals in financial distress as a result of the pandemic will be allowed to access a tax-free payment of up to $10,000 from their superannuation in 2019–2020 and a further $10,000 in 2020–2021. Eligible individuals will need to apply online to the ATO through myGov before 1 July 2020 to receive the payment for the 2019–2020 income year.

TIP: Amounts withdrawn from super in this way will not affect any Centrelink payments.

Coronavirus concessions: state governments

Some states, including New South Wales, Queensland, Western Australia and Tasmania, have followed in the Federal Government's footsteps to provide their own stimulus and concessions for mostly small to medium businesses and in some cases to individuals and families. Most of the measures are payroll-tax-related, aimed at giving small to medium businesses a cash flow boost during this difficult time, while other measures including fee waivers, grants, relief payments and concessional loans.

ATO's FAQ helps to clarify coronavirus impacts

The ATO's COVID-19 frequently asked questions (FAQ) is a resource tool for people and businesses in the community who need clarifications in relation to impacts from the COVID-19 pandemic. The FAQ is broken into common questions for individuals, employers, businesses (including internationals) and self managed superannuation funds (SMSFs).

Common questions centre around issues relating to the nationwide shutdown – late or deferring payment obligations; deductibles from working from home; residence status due to travel restrictions; GST and FBT impacts from cancellations; and SMSF losses and strategies.

TIP: The ATO will update this FAQ regularly and welcomes suggestions and more questions. See www.ato.gov.au/Individuals/Dealing-with-disasters/In-detail/Specific-disasters/COVID-19/.

Working from home: what can I deduct?

Have you been directed by your employer to work from home to limit the spread of COVID-19? While working from home has its benefits, there may be extra expenses too, ranging from printing costs to the need for more internet data and perhaps even additional equipment. You may be able to claim a deduction for the additional running costs you incur. The costs you may be able to claim include the work-related portion

Important: Clients should not act solely on the basis of the material contained in Client Alert. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. Client Alert is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without our prior approval.

of any heating, cooling and lighting for the area you're working from, work-related phone and internet costs, and work-related decline in value of a personally owned computer and associated office equipment. To claim these expenses, you must keep specific records ranging from diary entries to receipts.

Scams targeting natural disaster victims

Victims of the recent natural disasters beware: there is an SMS scam circulating that purports to give you "a bonus" on your 2020 tax return. The scam urges victims to start the process by filling out a form and provides a link to a what looks like the genuine myGov website. According to the ATO, this is a classic case of scammers impersonating the ATO in an effort to collect personal information including names, birth dates, addresses, emails, phone numbers and online banking login details.

Once this information is obtained, scammers can use it to commit identify theft, including porting your phone, accessing your bank account, obtaining a loan in your name, lodging tax returns, stealing your superannuation and committing other types of fraud, or they could on-sell the information to others who may commit these offences.

If you receive a call from someone saying they are from the ATO but you aren't sure, the best course of action is to hang up and call the ATO back on the appropriate number listed on its website, or to call your tax agent directly on their listed number to seek advice. While the ATO does send SMS messages and emails and calls taxpayers, it's important to remember that the ATO will never:

- send an SMS message or email asking you to click on a hyperlink to log into myGov or other government websites;
- ask for personally identifying information in order for you to receive a refund;
- use aggressive or rude behaviour, or threaten you with immediate arrest, jail or deportation;
- project its number onto caller ID; or
- request that you make payments of debt via cardless cash, iTunes or Google Play cards, prepaid Visa cards, cryptocurrency, or direct credit to a personal bank account.

If you've fallen victim to this or other tax-related scams, don't be ashamed, but contact the ATO as quickly as possible. The sooner you notify the ATO, the better the outcome is likely to be.

Independent review of ATO audit position: small business pilot extended and expanded

The ATO has advised that it has extended and expanded its pilot program which offers an independent review service to eligible small businesses disputing income tax related audits. The pilot will continue until 31 December 2020.

The independent review is conducted by an officer from the ATO's Review and Dispute Resolution business line. This officer will not have been involved in the audit and will bring an independent "fresh set of eyes" to the review. The independent reviewer will consider the documents setting out the taxpayer's position and the ATO audit position. They will schedule a case conference with the taxpayer and the ATO audit officer generally within one month of receiving the taxpayer's review request. The case conference is an opportunity for all parties to assist the independent reviewer with understanding the facts and contentions.

The audit case officer will contact a taxpayer if it is eligible for an independent review. A written offer of independent review will also be included in the audit finalisation letter.

TIP: The ATO emphasises that taxpayers will retain their full dispute and objection rights even if they seek an independent review. Taxpayers will also retain these rights if they are not eligible for an independent review or if they choose not to seek an independent review.

Super guarantee amnesty for employers

An amnesty is now on for employers in relation to unpaid employee superannuation entitlements from 1 July 1992 to 1 January 2018. There are certain conditions which have to be met for employers to qualify. The amnesty will allow employers to self-correct super guarantee (SG) underpayments without incurring additional penalties that would normally apply.

During the amnesty period, employers can also claim a tax deduction for payments of SG charge or contributions. The amnesty will end on 7 September 2020, at which time the ATO is set to take a tougher stance on SG underpayments.

To qualify, employers must first disclose the super guarantee shortfall to the ATO in the approved form between 24 May 2018 and 7 September 2020. The shortfall must not have been previously disclosed to the Commissioner, however, additional amounts of SG shortfalls disclosed during the amnesty period may be subject to beneficial treatment.

Important: Clients should not act solely on the basis of the material contained in Client Alert. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. Client Alert is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without our prior approval.