
GOVERNMENT ASSISTANCE FOR AUSTRALIAN BUSINESSES – COVID-19 STIMULUS PACKAGE ROUND TWO

Cash Flow Assistance for Automotive Businesses

Boosting Cash Flow for Employers

Some important notes:

- this scheme is delivered as a tax credit and it is calculated on the withholding tax.
What is withholding tax?
 - o A **withholding tax** is an amount that an employer withholds from employees' **wages** and pays directly to the government. The amount **withheld** is a credit against the **income taxes** the employee must pay during the year. You report PAYG withholding on your Business Activity Statement (BAS).
- You would have seen this in our previous 'Round One' advice, but this measure has now been enhanced as part of the second economic response package. Previously the maximum amount you could receive as a tax credit was \$50,000. This has now been increased to \$100,000.
- Important points – speak to your accountant if you can, to make sure that you are maximising all of the stimulus package items included state government programs, for example any concessions on payroll tax will be state specific.
- Get your Business Activity Statements in on time. This is delivered as an automatic credit – you don't need to undertake any additional application.

WHO

- Small to medium business under \$50 Million aggregated annual turnover (eligibility is based on prior financial year turnover) & Employ workers as of 1 January 2020.

WHAT

- Eligible businesses that pay salary and wages will now receive a payment equal to 100% of their salary and wages withheld, even if they are not required to withhold tax up to a maximum of \$50,000.
- The *Boosting Cash Flow for Employers* has been increased, with a minimum payment of \$10,000 and maximum of \$50,000. (Up from \$2,000 to \$25,000 - as per round one announcement).
- The maximum for package one and two is now a tax credit of \$100,000

THE ADDITIONAL PAYMENT

- An additional payment will also be introduced for the July – October 2020 period with the same eligibility criteria and amount received as in stage one of *Boosting Cash Flow for Employers*.
- To qualify for the additional payment, the business must still be an active entity.
- For monthly BAS lodgers, the additional payments are 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 a total of \$50,000).
- For quarterly BAS 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).

HOW

- Submit Business Activity Statement (BAS) as per usual but get it in on time if you can.
- The *Boosting Cash Flow for Employers* measure will be applied to activity statement lodgements.
 - Quarterly lodgers will be eligible to receive the payment for the quarters ending March 2020 and June 2020, up to the amount of \$50,000.

- Monthly lodgers will be eligible to receive the payment for the March 2020, April 2020, May 2020, and June 2020 lodgements, up to the amount of \$50,000.
- The ATO will deliver the payment as a credit to the business following lodgement of their activity statements.
- **If the business is in a refund position, the ATO will deliver the refund within 14 days.**
- The additional payment will equal the same amount businesses were eligible for in stage one.
 - Quarterly lodgers will be eligible to receive their additional payment over the quarters ending June and September 2020.
 - Monthly lodgers will be eligible to receive the additional amount for the June 2020, July 2020, August 2020 and September 2020 lodgements.

EXAMPLE – Parts Supply

Auto Parts Supply Business

Sarah owns and runs an automotive parts business in New South Wales and employs 8 workers on average full-time weekly earnings, who each earn \$89,730 per year. Sarah reports withholding of \$15,008 for her employees on each of his monthly BAS lodgements.

Under the Boosting Cash Flow for Employers, Sarah will be eligible to receive the payment on lodgement of her BAS.

Sarah's business receives:

- A credit of \$45,024 for the March period, equal to 300% of her March PAYG withholding tax.
- A credit of \$4,976 for the April period, before she reaches the \$50,000 cap.
- No payment for the May period, as she has now reached the \$50,000 cap.
- An additional payment of \$12,500 for the June period, equal to 25 per cent of her total Boosting Cash Flow for Employers payments.
- An additional payment of \$12,500 for the July period, equal to 25 per cent of her total Boosting Cash Flow for Employers payments.
- An additional payment of \$12,500 for the August period, equal to 25 per cent of her total Boosting Cash Flow for Employers payments.
- An additional payment of \$12,500 for the September period, equal to 25 per cent of her total Boosting Cash Flow for Employers payments.

Under the Government's enhanced Boosting Cash Flow for Employers measure, Sarah's business will receive a tax credit of \$100,000.

EXAMPLE – An Auto Service and Repair Workshop

Auto Service and Repair Business

Frank employs 5 people. One person is employed as front of house and administration, there are three technicians and Frank pays himself a wage as the manager/supervisor.

Frank submits his Business Activity Statement quarterly and the monthly withholding tax amount is \$10,660.

Frank has been able to keep all 5 people employed throughout the crisis. He is able to claim \$100,000.

Stimulus One					
Month	January	February	March	Per Quarter	Notes
Withholding Tax Paid	\$10,660*	\$10,660*	\$10,660	\$31,980	There is a max of \$50,000 for Stimulus One - so Frank has claimed \$31,980 and he has \$18,020 remaining that he can claim
Amount Claimed	\$10,660	\$10,660	\$10,660	\$31,980	
Month	April	May	June	Per Quarter	
Withholding Tax	\$10,660	\$10,660	\$10,660	\$31,980	
Amount Claimed	\$10,660	\$7,360	\$0	\$18,020	
Total credit claimed for Stimulus One is \$50,000					
Stimulus Two					
Month	July	August	Sept	Per Quarter	
	\$10,660	\$10,660	\$10,660		
Amount Claimed	\$0	\$0	\$0	\$0	\$50,000 Maximum for Stimulus one has already been reached
Stimulus Two			June	\$12,500	The addition of 25% of the amount received for Stimulus One paid each month for four months.
			July	\$12,500	
			August	\$12,500	
			Sept	\$12,500	

- We are assuming that Frank does a quarterly BAS. But if Frank has already submitted his BAS for January and February, the calculation is based on 300% of the March withholding tax.

Supporting Apprentices and Trainees

WHO

- Currently employ and retain an apprentice or trainee (as at 1 March 2020);
- Have less than 20 full-time employees.
- Large businesses and Group Training Organisations may also be eligible for these benefits if they employ an out-of-trade apprentice who has been in-training with a small business as of 1 March 2020.

WHAT

- Eligible employers can apply for a wage subsidy of 50 per cent of the apprentice's or trainee's wage paid during the 9 months from 1 January 2020 to 30 September 2020.
- Employers may receive up to \$21,000 per eligible apprentice or trainee – or \$7000 per quarter.
- It is available for wages paid since 1 January 2020 and will be available up to September 30 this year.

HOW

- Eligible businesses with less than 20 full-time employees will be able to register for the subsidy **from April 2, 2020**.
- Employers will be able to access the subsidy after an eligibility assessment is undertaken by an Australian Apprenticeship Support Network (AASN) provider.
- Currently, it is understood payment will be distributed via your AASN provider.
- Find your local AASN provider [SEARCH HERE](#) for information on eligibility and be to be advised notification to apply.

Check your individual circumstances with your accountant – this is generalised information based on our interpretation of what is available and what is applicable to our industry.

More information: <https://www.business.gov.au/>

For more information on the above contact Elyse Keyser via email at ekyser@aaaa.com.au or call 03 9545 3333