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GST turnover for the same period in 2019 (the comparison period), e.g. June 2020 with June 2019 or the July-September 2020 quarter with the same quarter in 2019.

Alternative fall in turnover tests

There is an alternative fall in turnover test where it is not appropriate to compare the test period with the comparison period. This includes where:

- you did not commence business until after the comparison period;
- the business is not the same now as in the comparison period, e.g. because of a business restructure, acquisition or disposal;
- your turnover for the comparison period was unusually low (e.g. because of drought) – and not because of cyclical or regular seasonal variance; or
- turnover has increased significantly in the period before the test period (e.g. by 25% or more if looking at the 6-month period immediately before the test period).

There is also an alternative fall in turnover test where a special purpose service entity provides employee labour to other members of a group and the service entity does not satisfy the basic fall in turnover test.

Employers – eligible employees

An employer can only apply for JobKeeper for eligible employees. They must be employed for each fortnight for which you claim JobKeeper (including those who are stood down or re-hired).

An employee is an eligible employee if they are full-time, part-time or fixed term, or a long-term casual (someone employed on a regular

JobKeeper

The JobKeeper scheme is the most significant measure to assist businesses during the COVID-19 crisis – even if it is going to cost a lot less than initially thought. Since the last newsletter, there have been a few changes and clarifications – so it seems a good idea to remind you of some of the key points of the scheme.

Fall in turnover – basic test

JobKeeper is available to employers and other “business participants” (eg sole traders, partnerships, beneficiaries of a trust and shareholders) that anticipate a significant fall in turnover – at least a 30% fall if annual turnover is \$1bn or less (otherwise at least 50% or, for most registered charities, at least 15%).

GST turnover is used to measure the fall in turnover, but the test is modified in certain circumstances – e.g. if a business entity is part of a GST group, GST turnover is calculated as if it wasn't part of the group.

The ATO expects entities to use the GST accounting method (cash or accruals) they usually use in working out turnover.

The fall in turnover is measured by comparing anticipated GST turnover for a month or quarter in this year (the test period) with actual

and systematic basis for at least the previous 12 months). They must be 18 or older and an Australian citizen or the holder of a specified class of visa (working holiday makers are not eligible employees).

If a person has more than one job, only one of their employers can claim JobKeeper for that person.

If you decide to participate in the JobKeeper scheme, you should nominate all eligible employees who have chosen to participate.

Sole traders etc

If you are a sole trader or other business participant (e.g. a company director or a partner), you cannot claim JobKeeper unless you are actively engaged in operating a business. You cannot be an employee of the particular business entity or a permanent employee of any other entity.

In addition, you must be 16 or older at 1 March 2020 (18 or older if a beneficiary of a trust) and either an Australian citizen or the holder of a specified class of visa.

The relevant business entity must:

- have had an ABN on 12 March 2020; and
- have disclosed either assessable business income in the 2018-19 tax return or a supply in a BAS or GST return for any tax period between 1 July 2018 and 12 March 2020. The supply can be a GST-free or input taxed supply.

In limited circumstances, the ATO has a discretion to treat those 2 requirements as being satisfied even if they are not.

Only one payment per entity can be claimed. For example, in the case of a partnership, only one partner can claim JobKeeper.

Amount of JobKeeper

The amount of the JobKeeper payment is \$1,500 a fortnight for each eligible employee or business participant. Employers must pay each eligible employee at least \$1,500 per fortnight before tax.

The 2 fortnightly periods beginning in June are 8 June to 21 June and 22 June to 5 July. The last fortnightly period will be from 14 September to 27 September (this year).

If you usually pay your employees less frequently than fortnightly, the payment can be allocated between fortnights in a reasonable manner. For example, if you pay your employees on a monthly pay cycle, your employees must have received the monthly equivalent of \$1,500 per fortnight ($\$1,500 \times 26/12 = \$3,250$).

You may lose the JobKeeper payment if you enter into a scheme designed to create an entitlement to JobKeeper or to increase the amount paid. The ATO has issued guidelines on how it may apply this rule in certain situations – e.g. where a business uses a service entity to employ workers.

Claiming JobKeeper

You have to enrol with the ATO to participate in the JobKeeper scheme. You can do this online. You had to enrol by 31 May 2020 if claiming for payments in April and May 2020.

If you are an employer, the process differs depending on whether you report through Single Touch Payroll.

You have to identify each person for whom you will claim the JobKeeper payment. You only need to identify eligible employees or the eligible business participant once.

If you are an employer, you have to notify all eligible employees they are receiving JobKeeper.

Monthly declaration

You will have to provide a monthly declaration to the ATO – this can be done from the 1st to the 14th day of each month, to receive reimbursements for the payments you have made to your employees in the previous month.

The declaration requires you to reconfirm your eligible employees and provide information on your current and projected GST turnover. You will also need to notify the ATO if your eligible employees change or leave your employment.

Tax consequences

JobKeeper payments form part of the business entity's assessable income. Of course, an employer can claim a deduction for wages paid to employees even if subsidised by JobKeeper.

Cash flow support for employers

Don't forget the temporary cash flow support (the cash flow boost) for eligible small and medium businesses during COVID-19 crisis. Eligible businesses will receive between \$20,000 and \$100,000 in cash flow boost amounts by lodging their activity statements up to the month or quarter of September 2020.

You do not need to apply for the cash flow boost. All you need to do is lodge your upcoming activity statements.

If you're eligible, the cash flow boost will be automatically credited to your activity statement account. If you're lodging online through our Business Portal, you now need to log in using your myGovID. The cash flow boost is not taxable.

Tax breaks for the 2020 tax return

Instant asset write-off

Businesses can claim an immediate deduction (the instant asset write-off) and reduce the tax payable when buying business assets such as machinery, cars, delivery vehicles, office furniture and display cabinets. The instant asset write-off is also available for second-hand assets (but not where you dispose of an existing asset and then buy it back).

Cost caps apply depending on when the asset is first used or installed ready for use – see below.

For businesses claiming GST, the tax write-off cost excludes GST.

For businesses not claiming GST, the tax write-off cost includes GST.

Small businesses (total turnover less than \$10 million)

The cost caps for a small business are:

Date asset first used or installed ready for use	Cap (asset must cost less than)
1 July 2019 – 11 March 2020	\$30,000
12 March – 30 June 2020	\$150,000

Other businesses

If you are a medium business with total turnover of \$10 million or more but less than \$50 million, the instant asset write-off is available for assets costing less than \$30,000 if first used, or installed ready for use, for a taxable purpose before 12 March 2020.

If an asset is first used, or installed ready for use, for a taxable purpose between 12 March and 30 June 2020, the instant asset-write off threshold increases from \$30,000 to \$150,000. In other words, the instant asset write-off is available where the asset costs less than \$150,000.

If you are a business with total turnover of \$50 million or more but less than \$500 million, the instant asset write-off is available for assets costing less than \$150,000 where the asset is first used, or installed ready for use, for a taxable purpose between 12 March and 30 June 2020.

Note! If the asset is a car, the instant asset write-off is limited to the business portion of \$57,581 (the car depreciation limit – this will increase to \$59,136 from 1 July 2020).

Example

Jane owns a café which is a small business. In January 2020 she bought a new fridge freezer for \$7,500 and a new espresso machine for \$3,400. They are installed ready for use on 24 January.

Jane can take advantage of the instant asset write off for both items because each one costs less than \$30,000.

In April 2020 Jane buys a new van for \$43,650, which she immediately starts to use in the business. She can take advantage of the instant asset write off for the van because it cost less than \$150,000. If she had bought and started using the van before 12 March 2020, the instant asset write-off would not have been available.

Note!

- You can use the instant asset write-off multiple times. However, each asset must cost less than the relevant cap.
- If you are thinking of buying assets for your business, you should do so before 1 July this year when the instant asset write-off threshold is due to revert to \$1,000. Although no one will be surprised if the Government extends the higher threshold (e.g. \$30,000) beyond 1 July, you cannot rely on that happening.

Accelerated depreciation

An accelerated rate of depreciation is available for new business assets first held on or after 12 March 2020 and first used or installed ready for use for a taxable purpose on or after 12 March 2020 and before 1 July 2021. The asset must be used principally in a business in Australia or located in Australia.

The accelerated rate of depreciation is not available:

- for assets written off immediately under the instant asset write-off rules;
- for second-hand assets (with certain exceptions, e.g. trading stock);
- for assets used in a primary production business (e.g. fencing, fodder storage assets or horticultural plants); or
- if you were committed before 12 March to acquiring or constructing the asset – you cannot restructure an existing contract to try to get around this rule.

You cannot split an asset or merge assets to try to qualify for the accelerated depreciation.

The rules for working out the accelerated depreciation vary depending on whether or not you use the simplified depreciation rules. We explained them in the Special April Edition.

In all cases, you cannot deduct more than what you pay for the asset.

From the ATO

Affected by bushfire or COVID-19?

If you live in one of the identified postcodes impacted by the bushfires, the ATO automatically deferred any lodgments or payments you have due. For example, the 2019-20 FBT return is not due until 25 June 2020.

You don't need to apply for these deferrals.

The ATO will also consider lodgment and payment deferrals for businesses affected by COVID-19. However, deferrals are not automatic so you will need to contact the ATO.

Employee super contributions – claiming a deduction

The ATO has reminded employers that super contributions are only considered to be paid *for the purpose of claiming a tax deduction* once they have been received by the super fund, not the date the Small Business Superannuation Clearing House (SBSCH) accepts them (if the employer uses the SBSCH).

To ensure you can claim a deduction for the 2019–20 income year, you need to allow processing time for your super payments to be received by your employees' super funds before the end of the 2019-20 income year. The ATO says that payments need to be accepted by the SBSCH by 23 June 2020.

Remember to check with your employees if you need to update their super fund details in your SBSCH account, including a change of ownership of a superannuation product.

There is no change to when SG quarterly payments are due - the next quarterly due date is 28 July 2020.

From 1 January this year, you cannot use an employee's salary sacrificed super contributions to satisfy your super guarantee obligations.

STP exemption for small employers

If you are a small employer (19 or fewer employees), the ATO has extended to 1 July 2021 the Single Touch Payroll (STP) exemption in relation to closely-held payees. A closely held (related) payee is someone who is directly related to the business, company or trust that pays them, such as family members of a family business, directors or shareholders of a company or beneficiaries of a trust.

This STP exemption for closely-held payees applies automatically and you do not need to apply to the ATO to access it. However, you should keep records to support your decision to apply the concession. Alternatively, you can notify the ATO and apply for the exemption through the Business Portal.

If you have any other employees (also known as arm's length employees), they must be reported through STP on or before each payday, unless you are eligible for a micro employer (1-4 employees) reporting concession.

Micro employers who need more time to move to STP reporting we can report on your behalf on a quarterly basis. This can continue until 30 June 2021.

End-of-year finalisation through STP

The ATO has reminded employers that they need to make a finalisation declaration.

The declaration generally has to be made by 14 July each year. However, if you started reporting through STP in the 2019-20 financial year and have 19 or fewer employees, you have until 31 July 2020 to make the finalisation declaration.

If you have 20 or more employees, you should be reporting closely held payees each pay day along with arms-length employees. The finalisation due date for closely held payees is 30 September 2020.

If you have 19 or fewer employees and are voluntarily reporting your closely held payees, you can also finalise by 30 September 2020 for the 2019-20 financial year.

Applying for a government contract?

Businesses and their first-tier subcontractors tendering for Commonwealth Government contracts over \$4 million (including GST) must supply a statement of tax record (STR)

provided by the ATO. If you received one last year, you may need to apply for a new one.

The STR must show satisfactory engagement with the tax system, so it's important to keep your tax obligations up to date, including registration, lodgment and payment.

Apply early to allow time for processing before the tender closing date. The ATO generally takes 4 business days to process applications.

An STR is valid for 6 or 12 months depending on if you have an Australian tax record of less or more than 4 years.

List of available small business concessions

Income tax

- Lower company tax rate – 27% for 2019-20 and 26% for 2020-21
- Small business income tax offset – 8% rate for 2019-20 and 13% rate for 2020-21
- PAYG instalment concession

Deductions

- Simplified depreciation rules – instant asset write-off
- Accelerated depreciation for primary producers
- Deductions for professional expenses for start-ups
- Immediate deductions for prepaid expenses

Simplified record-keeping

- Simplified trading stock rules
- Two-year amendment period

GST, BAS and excise

- Simpler BAS
- Accounting for GST on a cash basis
- Annual apportionment of GST input tax credits
- Paying GST by instalments
- Excise concession

Capital gains tax (CGT)

- Small business restructure rollover
- CGT 15-year asset exemption
- CGT 50% active asset reduction

- CGT Retirement exemption
- CGT Rollover
- Contributions of small business CGT concession amounts to your super fund

Fringe benefits tax (FBT)

- FBT car parking exemption
- FBT work-related devices exemption

Superannuation

- Superannuation clearing house
- Contributions of small business CGT concession amounts to your super fund.

Key tax dates

Date	Obligation
21 June 2020*	May monthly BAS due
30 June 2020	Super guarantee contributions must be paid by this date to qualify for a tax deduction in 2019-2020
14 July 2020	Issue PAYG payment summaries if not reporting through STP
21 July 2020	June 2020 BAS due
28 July 2020	Lodge and pay June 2020 quarterly BAS Pay June 2020 quarterly PAYG instalment Employee super guarantee contributions due June quarter SG due
31 July 2020	Finalisation declaration due if reporting through STP

*Next business day

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