



## IN THIS ISSUE:

- ❖ Superannuation Guarantee Amnesty
- ❖ Summary of main Coronavirus (COVID-19) Stimulus packages
- ❖ Fair Work Act on Amendments due to impact of the Coronavirus

### SUPERANNUATION GUARANTEE AMNESTY BILL



The Treasury Laws Amendment (Recovering Unpaid Superannuation) Act 2020 has now been passed and it introduces a one-off amnesty for historical underpayment of superannuation guarantee (SG).

Employers must apply to the ATO before 7 September 2020 for the amnesty, which applies to SG shortfalls arising from 1 July 1992 to 24 May 2018.

To qualify for the amnesty, a disclosure must be made to the ATO in the approved form (and must not have been previously disclosed). An employer will lose all benefits from the amnesty if they fail to pay the SG charge on the disclosed shortfall.

It will allow employers to claim tax deductions for payments of SG charge or contributions made during the amnesty period to offset SG charge, as well as remove the administrative component and the Part 7 penalty that may otherwise apply in relation to SG non-compliance.

Employers that do not take part in the amnesty will face higher penalties if caught including a minimum 100% penalty on top of the SG charge owed, consisting of outstanding super plus 10% interest and an administration fee.

The ATO will work with businesses who apply for the superannuation guarantee amnesty to enter into special payment arrangements if they have difficulty making payments because of the COVID-19 pandemic.

### CORONAVIRUS - COVID-19 GOVERNMENT STIMULUS PACKAGES

As you would be aware, the Federal Government has announced unprecedented **stimulus measures** to cushion the economic blow from the coronavirus. In addition, the State governments and the four major banks have recently announced additional measures to combat this health & economic Tsunami.

The measures are comprehensive and numerous, and we think that it is understandable that most people may feel overwhelmed by the sheer volume of information.

To make it easier for clients to be aware of what is available, below we present a summary of the main measures made available to business.

Of course, the following is only the briefest summary of the measures to simply make clients aware of what is on offer. For more details, we encourage clients to call their Kaias Phillips team member.

#### **Asset write-off & Accelerated Depreciation –**

- increasing the instant asset write-off threshold from \$30,000 to \$150,000, and
- introducing a 50 per cent immediate deduction on the cost of an eligible asset on installation, with existing depreciation rules applying to the balance of the asset's cost.

#### **Boosting cash flow for employers**

Payments of up to \$100,000 to eligible small and medium-sized businesses that employ people with a minimum payment of \$20,000 to assist businesses with their cash flow.

The payments will be based on the amounts of PAYG Withholding made under two tranches.

The key to the system is the Activity Statements that entities lodge for the period covering March 2020 to June 2020, either monthly or quarterly. Pretty much everything will be automatically generated from that.

#### **Support for apprentices and trainees**

Eligible 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 that employs that apprentice. Employers

will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter).

### **“JobKeeper” package**

Under the JobKeeper Payment package, businesses significantly impacted by the Coronavirus outbreak will be able to access a fortnightly subsidy of \$1,500 per employee over the next 6 months from the Government to continue paying their employees.

Business entities which do not pay wages to participants for working in the business, and instead remunerate such participants by way of dividends or distribution of profits, can also be entitled to a JobKeeper payment of \$1,500 per fortnight for one such business participant who is actively engaged in working in the business.

### **Government Guarantee for SMEs**

Under the Coronavirus SME Guarantee Scheme, the Government will provide a guarantee of 50 per cent to SME lenders to support new short-term unsecured loans to SMEs. The Scheme will guarantee up to \$40 billion of new lending.

### **Temporary Early Access to Superannuation**

Eligible individuals will be able to apply online through myGov to access up to \$10,000 of their superannuation before 1 July 2020.

They will also be able to access up to a further \$10,000 from 1 July 2020

### **Relief of Director insolvent trading liability**

Directors will be temporarily relieved of personal liability for insolvent trading while the company is insolvent. The exemption will apply for the next 6 months.

### **Increase of threshold, and time to respond to demand from creditors**

- For Companies. increase in the threshold for a Creditor to issue a statutory demand (precursor step in placing a company in liquidation) from \$2,000 to \$20,000
- For individuals the threshold amount that a creditor is required to be owed in order for a bankruptcy to be commenced has been increased from \$5,000 to \$20,000.

The above threshold increases are for the next 6 months.

## **Victorian State Government**

On 21 March 2020, the Victorian Government announced a \$1.7 billion stimulus package which includes the following support for businesses:

### **Business Support Fund**

Grants of \$10,000 paid by the Victorian Government to eligible businesses that have been impacted by the shutdown restrictions enacted by Government, due to COVID-19. The main criteria are that the business: -

- has a turnover of more than \$75,000; and
- has a payroll of less than \$650,000; and
- conducting business operations on 16 March 2020

### **Payroll Tax Refund**

Businesses with annual taxable wages up to \$3 million will have their payroll tax for the 2019-20 financial year waived.

In addition, such businesses will also be able to defer any payroll tax for the first three months of the 2020-21 financial year until 1 January 2021

### **Land tax deferral**

Landowners that have at least one non-residential property and total taxable landholdings below \$1 million have the option of deferring their 2020 land tax payment until after 31 December 2020.

### **Liquor licence fees waived**

Renewable liquor licence fees for 2020 will be waived. Businesses that have already paid will be reimbursed.

## **FAIR WORK ACT ON AMENDMENTS DUE TO THE CORONAVIRUS**

A new Part 6-4C has been inserted into the *Fair Work Act 2009*, which temporarily enables employers to issue "JobKeeper enabling directions". These can provide for: -

- the employer to give "JobKeeper enabling stand down direction" for the employee to work fewer days or hours to an employee who cannot usefully be employed for the employee's normal days or hours.
- the employer to give direction to an employee about the nature of the employee's duties, within their skill and competency or to perform duties at a place different from their normal place of work.
- employers and employees to make agreements for increased flexibility around annual leave arrangements and days and times of work.

Where an employee is given a stand down direction, the employee's base rate of pay worked out on an hourly basis must not be less than the base rate of pay worked out on an hourly basis that would have applied to the employee if the direction had not been given.