

Boosting cash flow for Employers

The Government is providing up to \$100,000 to eligible small and medium-sized businesses, and not for-profits (NFPs) to employ people, with a minimum payment of \$20,000. These payments will help businesses and NFPs with their cash flow so they can keep operating, pay their rent, electricity and other bills and retain staff.

Small and medium-sized business entities with aggregated annual turnover under \$50 million and that employ workers are eligible.

Under the enhanced scheme, employers will receive a payment equal to 100 per cent of their salary and wages withheld (up from 50 per cent), with the maximum payment being increased from \$25,000 to \$50,000. In addition, the minimum payment is being increased from \$2,000 to \$10,000.

An additional payment is also being introduced in the July – October 2020 period. Eligible entities will receive an additional payment equal to the total of the Boosting Cash Flow for Employers payments they have received. This means that eligible entities will receive at least \$20,000 up to a total of \$100,000 under both payments.

This additional payment continues cash flow support over a longer period, increasing confidence, helping employers to retain staff and helping entities to keep operating. 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.

Eligibility

Boosting Cash Flow for Employers payments small and medium sized business entities and NFPs with aggregated annual turnover under \$50 million and **that employ workers**, will be eligible.

Eligibility will generally be based on prior year turnover.

- The payment will be delivered by the ATO as an automatic credit in the activity statement system from 28 April 2020 upon employers lodging eligible upcoming activity statements.
- Eligible 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.
- Eligible employers that pay salary and wages will receive a minimum payment of \$10,000, even if they are not required to withhold tax.
- The payments will only be available to active eligible employers established prior to 12 March 2020.

Eligibility – 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 a total of \$50,000).

For **quarterly** activity statement lodgers, the additional payment 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).

This measure will benefit around 690,000 businesses employing around 7.8 million people, and around 30,000 NFPs (including charities).

Timing – Boosting Cash Flow for Employers payments

The Boosting Cash Flow for Employers payment will be applied to a limited number of activity statement lodgements. The ATO will deliver the payment as a credit to the entity upon lodgement of their activity statements. Where this results in the entity being in a refund position, the ATO will deliver the refund within 14 days.

<i>Type of lodger</i>	<i>Eligible period</i>	<i>Lodgement due date</i>
Quarterly	Quarter 3 (January, February and March 2020)	28 April 2020
	Quarter 4 (April, May and June 2020)	28 July 2020
Monthly	March 2020	21 April 2020
	April 2020	21 May 2020
	May 2020	22 June 2020
	June 2020	21 July 2020

Quarterly lodgers will be eligible to receive the payment for the quarters ending March 2020 and June 2020. **Monthly** lodgers will be eligible to receive the payment of the March 2020, April 2020, May 2020 and June 2020 lodgements.

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.

Timing – Additional payment

The additional payment will be applied to a limited number of activity statement lodgements. The ATO will deliver the payment as a credit to the entity upon lodgement of their activity statements. Where the results in the entity being in a refund position, the ATO will deliver the refund within 14 days.

Type of lodger	Eligible period	Lodgement due date
Quarterly	Quarter 4 (April, May and June 2020)	28 July 2020
	Quarter 1 (July, August and September 2020)	28 October 2020
Monthly	June 2020	21 July 2020
	July 2020	21 August 2020
	August 2020	21 September 2020
	September 2020	21 October 2020

Quarterly lodgers will be eligible to receive the additional payment for the quarters ending June 2020 and September 2020. Each additional payment will be equal to half of their Boosting Cash Flow for Employers payment (up to a total of \$50,000). **Monthly** lodgers will be eligible to receive the additional payment for the June 2020, July 2020 August 2020 and September 2020 lodgements. Each additional payment will be equal to a quarter to their total initial Boosting Cash Flow for Employers payment (up to a total of \$50,000).

Examples

Sean's Hairdresser Salon

Sean owns a hairdresser's salon in Wodonga. He employs 12 hairdressers, with average salary of \$50,000 per year. Sean reports withholding of \$8,788 for his employees in each of his monthly BAS. With the Government's changes, Sean will be eligible to receive the payments on lodgement of his relevant BAS. Sean's business will receive:

- A credit of \$26,364 for the March period, equal to 300 per cent of his total withholding.
- A credit of \$8,788 for the April period.
- A credit of \$8,788 for the May period.
- A credit of \$6,060 for the June period, before he reaches the \$50,000 cap.
- Sean will also receive an additional payment of \$12,500 for the June period, equal to 25 per cent of his total Boosting Cash Flow for Employers payment.
- An additional payment of \$12,500 for the July period, equal to 25 per cent of his total Boosting Cash Flow for Employers payments.
- An additional payment of \$12,500 for the August period, equal to 25 per cent of his total Boosting Cash Flow for Employers payments.
- An additional payment of \$12,500 for the September period, equal to 25 per cent of his total.

Under the previous announced Boosting Cash Flow for Employers measure, Sean's business would have received a total payment of \$25,000. Under the Government's enhanced Boosting Cash Flow for Employers measure, Sean's business will received \$100,000. This is an additional \$75,000 to support his business.

Tim's Courier Run

Tim owns and runs a small paper delivery business in Albury and employs two casual employees who each earn \$10,000 per year. In his quarterly BAS, Tim reports withholding of \$0 for his employees as they are under the tax-free threshold. Under the Government's changes, Tim will be eligible to receive the payment on lodgement of his BAS. Tim's business will receive:

- A credit of \$10,000 for the March quarter, as he pays salary and wages but is not required to withhold tax.
- An additional payment of \$5,000 for the June quarter, equal to 50 per cent of his total Boosting Cash Flow for Employers payments.
- An additional payment of \$5,000 for the September quarter, equal to 50 per cent of his total Boosting Cash Flow for Employers payments.

If Tim begins withholding tax for the June quarter, he will need to withhold more than \$10,000 before he receives any additional payment. Under the previously announced Boosting Cash Flow for Employers measure, Tim's business would have received a total payment of \$2,000. Under the Government's enhanced Boost Cash Flow for the Employers measure, Tim's business will receive \$20,000. This is an additional \$18,000 to support his business.

SUPPORTING APPRENTICES AND TRAINEES

Summary

The Government is supporting small business to retain their apprentices and trainees. 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. Where a small business is not able to retain an apprentice, the subsidy will be available to a new employer. Employees will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter). Support will also be provided to the National Apprentice Employment Network, the peak national body representing Group Training Organisations, to co-ordinate the re-employment of displaced apprentices and trainees throughout their network of host employers across Australia.

Eligibility

The subsidy will be available to small businesses employing fewer than 20 full-time employees who retain an apprentice or trainee. The apprentice or trainee must have been training with a small business as at 1 March 2020. Employers of any size and Group Training Organisations that re-engage an eligible out-of-trade apprentice or trainee will be eligible for the subsidy. Employers will be able to access the subsidy after an eligibility assessment is undertaken by an Australian Apprenticeship Support Network (AASN) provider. This measure will support up to 70,000 small businesses, employing around 117,000 apprentices.

Timing

Employers can register for the subsidy from early April 2020. Final claims for payment must be lodged by 31 December 2020. Further information is available at:

- The Department of Education, Skills and Employment website at: www.dese.gov.au

- Australian Apprenticeships website at: www.australianapprenticeships.gov.au

For further information on how to apply for the subsidy, including information on eligibility, contact an Australian Apprenticeship Support Network (AASN) provider.

Please feel free to contact the Englehardt Team to discuss your eligibility, likely payments and timing of these payments.

The Englehardt Team

Englehardt Superannuation & Accounting
552 Englehardt Street
PO Box 272
ALBURY NSW 2640