

Specific Government Support Available to Retailers

Federal Government Stimulus Support Package – The Federal Government recently announced their first stimulus package. Below are the specific measures that maybe available to retailers.

This information has been obtained from the Australian Government business website (www.business.gov.au).

Boosting cash flow for employers – Small and medium business entities with aggregated annual turnover under \$50 million and that employ workers will be eligible to receive a minimum payment of \$2,000 to a maximum payment of \$25,000. Eligibility will generally be based on prior year turnover.

The payment will be delivered by the Australian Taxation Office (ATO) as a credit in the activity statement system from 28 April 2020 until 28 July 2020 upon businesses lodging eligible upcoming activity statements.

Eligible businesses that withhold tax to the ATO on their employees' salary and wages will received a payment equal to 50% of the amount withheld, up to a maximum payment of \$25,000.

Eligible businesses that pay salary and wages will receive a minimum payment of \$2,000 even if they are not required to withhold tax.

Quarterly lodgers will be eligible to receive the payment for the quarters ending 31 March 2020 and 30 June 2020 (up to \$25,000 limit).

Monthly lodgers will be eligible to receive the payment for the March 2020, April 2020, May 2020 and June 2020 lodgments (Up to \$25,000 limit). To provide a similar treatment to quarterly lodgers, the payment for monthly lodgers will be calculated at three times the rate (150 per cent) in the March 2020 activity statement.

The minimum payment will be applied to the business' first lodgment.

Examples of how this payment can help your business

Sarah's Construction Business

Sarah owns and runs a building business in South Australia and employs 8 construction workers on average full-time weekly earnings who each earn \$89,730 per year. In the months of March, April and June for the 2019-20 income year, Sarah reports withholding of \$15,008 for her employees on each business activity statement (BAS).

Under the Government's changes, Sarah will be eligible to receive the Boost on lodgment of each of her BAS. Sarah's business receives:

A payment of \$22,512 for the March period, equal to 150 per cent of her total withholding.

A payment of \$2,488 for the April period, before she reaches the \$25,000 cap.

No payment for the May period, as she has now reached the \$25,000 cap.

No payment for the June period, as she has now reached the \$25,000 cap.

Sean's Hairdresser Salon

Sean owns a hairdresser's salon on the Gold Coast. He employs one apprentice who earns \$37,970 per year and two stylists who both earn \$44,260 per year. In the March and June 2020 quarterly BAS, Sean reports withholding of \$4,570 for his employees.

Under the Government's changes, Sean will be eligible to receive the payment on lodgment of his BAS.

Sean's business will receive:

A payment of \$2,285 for the March quarter, equal to 50 per cent of his total withholding.

A payment of \$2,285 for the June quarter, equal to 50 per cent of his total withholding.

Sean's business will receive a total payment of \$4,570.

Sean may also benefit from the assistance for existing apprentices and trainees measure.

Tim's Courier Run

Tim owns and runs a small paper delivery business in Melbourne, and employs two casual employees who each earn \$10,000 per year. In the March and June 2020 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 lodgment of his BAS.

Tim's business will receive:

A payment of \$2,000 for the March quarter, as he pays salary and wages but is not required to withhold tax.

No payment for the June quarter, as he has already received the minimum payment and he has no withholding obligation.

If Tim begins withholding tax for the June quarter, he would need to withhold more than \$4,000 before he receives any additional payment.

Supporting apprentices and trainees – If you employ an apprentice or trainee you may be eligible for a wage subsidy of 50 per cent of their wage from 1 January 2020 to 30 September 2020.

Subsidy will be available to small businesses employing fewer than 20 full-time employees who retain an apprentice or trainee.

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

Employers will be able to access the subsidy after an eligibility assessment is undertaken by an Australian Apprenticeship Support Network (AASN) provider.

Employers can register for the subsidy from early April 2020 and final claims for payment must be lodged by 31 December 2020.

Instant Asset Write Off (IAWO) Threshold – The instant asset write off threshold has been increased from \$30,000 to \$150,000 for businesses with aggregate turnover less than \$500 Million. This new threshold will apply to new and second hand assets first used or installed read for use between 12 March 2020 and 30 June 2020. The IAWO is due to revert to small business owners (turnover less than \$10 million) from 1 July 2020.

Tasmanian State Government Stimulus Package

Whilst the Tasmanian Government has announced a \$420 Million support package a majority of these measures relate directly to the hospitality, tourism, seafood and export sectors.

The following measures may be available to eligible businesses:

Payroll Tax Waivers Reduction

Small to medium businesses with an annual payroll of up to \$5 Million in Australian wages will be able to apply, based on the immediate impact of the virus on their businesses, to have their payroll tax payment waived for the three months from 31 March to June 2020.

The commissioner of State Revenue will not require approved applicants (who demonstrate that their business is affected by Coronavirus) to lodge payroll tax return for March, April and May 2020.

The Annual Adjustment Return for 2019-20 is still required to be lodged by 21 July 2020.

Youth Employment Scheme

Provision of a payroll tax rebate for one year, to businesses that employ a young person aged 24 and under between April and December 2020.

The Commissioner will issue more details directly to employers, including eligibility criteria and the application process, in due course.

Improving Small Business Cash Flows

Small businesses will be provided with more time to pay their bills (Unless otherwise required by contractual arrangements), extended payment terms to Government from 30 days to 90 days.

Important Notes

The above relief measures are subject to the passage of the legislation through the Parliament and the granting of Royal Assent.

The above information is a summary of the relief measures that may be available to retailers. Retailers should obtain their own advice in relation to their eligibility for specific measures, prior to completing any application process.