

COVID-19 Tax Relief Measures

24 April 2020

What relief is available for barristers?

The Coronavirus (COVID-19) has been declared a public health emergency by the World Health Organisation. Federal and State Governments are taking steps to limit the spread of COVID-19 in the community. This is having severe implications for large parts of the economy. In response, both State and Federal Governments have announced extensive support packages for individuals (including sole-traders) and small to medium businesses. Below, we have highlighted those measures most relevant for barristers as at 24 April 2020.



What support is available to affected individuals and sole-traders?

Measures	Detail	Process and timing
<u>JobKeeper payment</u>	<p>Businesses impacted by the Coronavirus are able to access a subsidy from the Federal Government to continue paying their employees. This will also apply to a sole trader without any employees. Eligible sole-traders are able to claim a fortnightly payment of AUD\$1,500 from 30 March 2020, for a maximum period of 6 months, if they have experienced a fall in GST turnover of 30% or more relative to a comparable period (of at least a month) a year ago (for a business with an aggregated turnover of AUD\$1 billion or less). This can be satisfied even if the business is not registered for GST.</p> <p>When enrolling with the ATO, individuals will need to provide an ABN for their business, nominate an individual to receive the payment, provide that individual's Tax File Number and provide a declaration as to recent business activity. A monthly update will also need to be provided to the ATO to declare the self-employed individual's continued eligibility for the payments. Individuals will generally need to enrol by the end of May 2020 to receive payments for fortnights commencing 30 March 2020.</p>	<p>Enrol via a registered tax agent, the Business Portal or ATO online services.</p> <p>Payments will generally be made monthly in arrears.</p> <p>For further details on the process refer to the <u>ATO website</u>.</p>



What support is available to affected individuals and sole-traders? (continued...)

Measures	Detail	Process and timing
<u>Early withdrawal of super</u>	Eligible individuals can access up to AUD\$10,000 of their superannuation before 1 July 2020. They will also be able to access up to a further AUD\$10,000 from 1 July 2020 until 24 September 2020. Sole traders that have a reduction in their turnover of 20% or more on or after 1 January 2020 or those whose businesses are suspended are eligible to apply for this concession.	Apply to the ATO online via <u>myGov</u> . Available immediately.
<u>Income support</u>	Relaxed eligibility to income support payments (including waiving the assets test) and a new time-limited Coronavirus supplement of AUD\$550 per fortnight. The supplement will be paid to both existing and new recipients of the eligible payment categories which has been extended to cover sole traders, the self-employed, casual workers, and contract workers. These changes will apply for the next six months. Income test <u>cut-off points</u> depend on your individual circumstances. You will generally not be eligible for income support via Centrelink if you are in receipt of JobKeeper payments.	Register your intention to claim a Centrelink payment via <u>myGov</u> . Available immediately.
<u>Distressed individuals and businesses</u>	A range of temporary changes to the law for individuals and businesses in financial distress including a temporary increase in the threshold at which creditors can issue a statutory demand and time to respond (from 21 days to six months), a temporary increase in the threshold for a creditor to initiate bankruptcy proceedings (from AUD\$5,000 to AUD\$20,000), an increase in the time period for debtors to respond to a bankruptcy notice, and extending the period of protection a debtor receives after making a declaration of intention to present a debtor's petition.	Effective immediately.



What Australian Taxation Office relief is available if I need help meeting my tax obligations?

Measures	Detail	Process and timing
<u>Deferral of payments</u>	<p>Taxpayers can apply to defer, by up to six months, the payment date of amounts with due dates up to 12 September 2020 through activity statements such as BAS (including Pay As You Go (PAYG) instalments), income tax assessments, FBT assessments and excise. Note that any tax amounts that are deferred still remain as debts due to the Australian Taxation Office (ATO). The due date for paying the FBT liability with respect to a 2020 FBT return has been automatically <u>deferred</u> from 21 May 2020 to 25 June 2020.</p> <p>Deferral of net goods and services tax (GST) amounts payable and PAYG withholding is not generally available, however taxpayers are encouraged to contact the ATO to discuss their specific circumstances.</p>	<p>Most ATO relief measures are not applied automatically.</p> <p>To apply for ATO relief contact ATO Emergency Support Infoline on 1800 806 218.</p>



What Australian Taxation Office relief is available if I need help meeting my tax obligations? *(continued...)*

Measures	Detail	Process and timing
<u>Varying PAYG instalments</u>	Where there is likely to be a reduction in taxable income for the year, PAYG income tax instalments can be varied to zero for the March 2020 and June 2020 quarters. Taxpayers that vary their PAYG instalments can also claim a refund for any instalments made for the September 2019 and December 2019 quarters. No penalties or interest will be charged for variations to PAYG instalments for the 2019-20 year. Note that any actual income tax liability due for the current 2019-20 income year will remain due upon assessment following lodgment of the 2020 income tax return in due course.	Most ATO relief measures are not applied automatically. To apply for ATO relief contact ATO Emergency Support Infoline on 1800 806 218
<u>Changing GST reporting cycle</u>	Businesses on a quarterly reporting cycle for GST may be able to opt into monthly GST reporting in order to gain quicker access to net GST refunds to which they may be entitled.	
<u>Remitting interest and penalties</u>	Upon request, the ATO will remit interest and penalties that have been applied to outstanding tax liabilities from 23 January 2020.	
<u>Low interest payment plans</u>	The ATO can also assist with a range of low interest payment plans for existing and ongoing tax liabilities.	
<u>Lodgment deferrals</u>	Whilst it is expected that most taxpayers will be able to continue to meet their lodgment obligations, lodgment deferrals (as distinct from a payment deferral where lodgment is still required by the relevant due date) are available in some circumstances. If you are required to lodge your tax return on your own because your tax agent is closed due to COVID-19, you can still lodge your return by the <u>tax agent deferred due date</u> of 5 June 2020.	



What support is available to affected businesses?

Measures	Detail	Process and timing
<u>Support business investment</u>	<p>To support continued business investment, the Federal Government has provided the following investment allowances for businesses with aggregated turnover of up to AUD\$500 million:</p> <ul style="list-style-type: none"> Increasing the cap and eligibility for an instant asset write off until 30 June 2020 (now available for new and second hand assets costing up to AUD\$150,000), and Providing accelerated depreciation on new assets until 30 June 2021. 	Available as additional tax deductions in your tax returns from the 2019-20 income year. Broadly applies for assets first used or installed ready for use from 12 March 2020.



What support is available for affected employers?

Measures	Detail	Process and timing
<u>JobKeeper payment</u>	<p>Employers impacted by the Coronavirus will be able to access a subsidy from the Federal Government to continue paying their employees. Eligible employers will be able to claim a fortnightly payment of AUD\$1,500 per eligible employee from 30 March 2020, for a maximum period of 6 months. An employer will be eligible to receive these payments if their business experiences a fall in GST turnover of 30% or more relative to a comparable period a year ago (of a month or three months) (for a business with an aggregated turnover of AUD\$1 billion or less). This can be satisfied even if the business is not registered for GST.</p> <p>To be eligible to claim the payment, the employer must have been in an employment relationship with eligible employees as at 1 March 2020. Eligible employees are broadly those that are:</p> <ul style="list-style-type: none">• currently employed by the eligible employer (including those previously stood down or re-hired, and were employed as at 1 March 2020); and• full-time, part-time, or long-term casuals (a casual employed on a regular basis for longer than 12 months as at 1 March 2020); and• at least 16 years of age; and• an Australia resident within the meaning of the <i>Social Security Act 1991</i> (Cth) (which includes an Australian citizen and the holder of a permanent visa) or a Special Category (Subclass 444) Visa Holder who was also a resident of Australia for tax purposes on 1 March 2020; and• not in receipt of a JobKeeper Payment from another employer. <p>Once enrolled with the ATO, eligible employers will need to identify and notify eligible employees for the payments, and must provide monthly updates to the ATO.</p>	<p>Notify eligible employees that you (their employer) intend to participate in the JobKeeper scheme, and distribute and collect the completed <u>JobKeeper Employee Nomination Notice</u> from eligible employees.</p> <p>Enrol via a registered tax agent, the Business Portal or ATO online services.</p> <p>Payments will generally be made monthly in arrears.</p> <p>For further details on the process refer to the <u>ATO website</u>.</p>



What support is available for affected employers? (continued...)

Measures	Detail	Process and timing
Cash flow boost	<p>Small and medium employers (those with aggregated turnover of less than AUD\$50 million) will receive a temporary cash flow boost delivered via activity statements. An automatic payment or credit to be applied on upcoming activity statements of at least AUD\$20,000 and up to AUD\$100,000, delivered in two rounds.</p> <p>First round payments will be delivered as follows:</p> <ul style="list-style-type: none"> For quarterly payers, the amount will be 100% of the amount of PAYG Withholding reported at W2 on activity statements for the March and June 2020 quarters, subject to the minimum of AUD\$10,000 and the maximum of AUD\$50,000 for the first round payments . For monthly payers, the amount for March 2020 will be 300% of the amount reported at W2 for March 2020, and 100% of the amount at W2 for April, May and June 2020, subject to the minimum of AUD\$10,000 and the maximum of AUD\$50,000 for the first round payments. <p>A second round of payments equal to the total of the first round will be paid after 30 June 2020.</p> <p>These payments are only available to active eligible employers generally established and registered with an ABN prior to 12 March 2020.</p>	<p>Lodge your activity statements as usual</p> <p>Your eligibility will be determined based on amounts disclosed at items W1 and W2 of the Activity Statement - there is no need to formally apply. Refer to this ATO website for more information.</p> <p>First round of payments - available now.</p> <p>Second round of payments - from 21 July 2020.</p>
Payroll tax relief	<ul style="list-style-type: none"> NSW - A waiver of payroll tax liabilities due in respect of the period April to June 2020 and a 25% reduction in the 2019-20 payroll tax liability in annual reconciliation. VIC - Full payroll tax refunds for the 2019-20 financial year and a deferral of payroll tax for the first three months of the 2020-21 financial year until 1 January 2021. WA - A waiver of payroll tax is available for the period between 1 March 2020 to 30 June 2020. QLD - Refund of payroll tax for two months, a three-month payroll tax holiday and a deferral of payroll tax for the remainder of the 2020 calendar year. 	<p>Timing, eligibility criteria and process differ between jurisdictions.</p> <p>Some measures are automatic, whilst some must be applied for with the relevant State revenue office.</p>



What support is available for affected employers? (continued...)

Measures	Detail	Process and timing
Payroll tax relief	<ul style="list-style-type: none">• SA - Six month waiver of payroll tax (for the return periods of March 2020 to August 2020).	Timing, eligibility criteria and process differ between jurisdictions. Some measures are automatic, whilst some must be applied for with the relevant State revenue office.
	<ul style="list-style-type: none">• ACT - Deferral of payroll tax for the 2020-21 year until 1 July 2022.	
	<ul style="list-style-type: none">• TAS - Waiver of payroll tax for the entire 2019-20 year with refunds available.	
	<ul style="list-style-type: none">• NT - Six month waiver of payroll tax (from 1 April 2020) for impacted businesses where turnover has reduced by at least 30%.	



What other issues should I be thinking about?

Issue	Detail
Deductions for home office expenses	A deduction may be available for home office expenses including heating, cooling and lighting in the dedicated area you are working from, work-related phone and internet costs and the purchase of home office equipment which may qualify for an outright deduction or a deduction for decline in value (depreciation). The ATO will allow a shortcut method to be used which will allow individuals to claim a rate of 80 cents per hour for all their running expenses from 1 March 2020 to 30 June 2020. The requirement to have a dedicated work from home area has also been removed. Refer to PwC's Airtax working from home office guide for more information.
Deductions for protective items e.g. gloves, face masks, sanitiser	Deductions for protective items will generally only be available if an individual incurred the expense themselves and there is sufficient connection with the earning of assessable income. For example, an individual who is exposed to the risk of illness in the course of carrying out their income earning activities (for example, medical staff or cleaner). Refer to ATO frequently asked questions for more information.
Providing non-cash benefits to employees	If non-cash benefits are provided to employees, such as a laptop, in addition to their salary or wages, this may have fringe benefits tax (FBT) implications. Note that exemptions may apply for work related devices and/or minor, infrequent and irregular benefits of less than AUD\$300. There is also an exemption for emergency assistance that may apply to certain benefits provided.



What other issues should I be thinking about? (continued...)

Issue	Detail
Other relief available	The Government will provide a guarantee to support new short-term unsecured loans to small and medium businesses. Some States have also announced support by way of loans to small and medium businesses. Eligibility requirements for these measures vary. In addition, some States and Territories have announced relief measures including rent relief for commercial tenants as a result of the National Cabinet Code of Conduct , land tax deferrals and waiving or refunds of rates and licencing fees.

Additional information in relation to the measures outlined in this publication is available here:

- [PwC guidance on tax obligations and relief for businesses affected by COVID-19](#)
- [Treasury fact sheets on the economic response to COVID-19](#)
- [ATO one-stop-shop for assistance on COVID-19](#)
- [ATO COVID-19 Frequently Asked Questions](#)
- [ATO and Australian Bar Association \(ABA\) service commitment](#)

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