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30 June 2020

NEWSLETTER

END OF FINANCIAL YEAR

CORONAVIRUS CHANGES

As a result of the coronavirus we have changed our standard operating procedures for this financial year. Instead of doing face to face appointments for tax returns we have changed to phone appointments.

To assist us in this process we would appreciate it if you could summarize your expenses on a spreadsheet or word document together with any supporting documents & email that to us 2 days before the appointment so that we might have a rough draft ready for you when you call.

The government has made a lot of changes as a result of the coronavirus to keep the economy buoyant. Please have a careful look at the list to see if there is something that you could be eligible for but have possibly overlooked. Many of the incentives have a finite life so it would be wise to act quickly to take advantage of any offers.

SUMMARY OF THE ECONOMIC RESPONSE

The Government's economic response supports households and businesses. It is designed to support businesses in managing short-term cash flow challenges, provide support to individuals, severely affected communities and regions, and to ensure the continued flow of credit in the Australian economy.

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A. Support for individuals and households

The Government is providing significant payments to assist lower-income Australians, including pensioners, other social security and veteran income support recipients and eligible concession card holders.

1. JobKeeper Payment

The Job Keeper Payment helps businesses significantly impacted by the Coronavirus cover the costs of their employees' wages, so more Australians can retain their jobs and continue to earn an income. Employers will notify employees if they are claiming the fortnightly payment of \$1,500. The first payments were made in the week commencing 4 May 2020.

2. Income support for individuals

Since 27 April 2020 the Government has temporarily expanded eligibility to income support payments and established a new, time-limited Coronavirus supplement to be paid at a rate of \$550 per fortnight. This is paid to both existing and new recipients of Jobseeker Payment, Youth Allowance, Parenting Payment, Austudy, ABSTUDY Living Allowance, Farm Household Allowance and Special Benefit. The Government is also temporarily expanding access for the Jobseeker Payment by relaxing the partner income test.

3. Payments to support households

The Government is providing two separate \$750 payments to social security, veteran and other income support recipients and eligible concession card holders. The first payment was made from 31 March 2020 and the second payment will be made from 13 July 2020.

4. Temporary early release of superannuation

The Government is allowing eligible individuals affected by the Coronavirus to access up to \$10,000 of their superannuation amounts released and the money they withdraw will not affect Centrelink or Veterans' Affairs payments.

Eligible temporary visa holders will be eligible to access up to \$10,000 of their superannuation in 2019-20.

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5. Temporarily reducing superannuation minimum drawdown rates

The Government has temporarily reduced superannuation minimum drawdown requirements for account-based pensions and similar products by 50 per cent for 2019-20 and 2020-21.

6. Reducing social security deeming rates

The Government has reduced social security deeming rates. As of 1 May 2020, the upper deeming rate is 2.25 per cent and the lower deeming rate is 0.25 per cent.

B. Support for businesses

1. JobKeeper Payment

The Job Keeper Payment helps businesses significantly impacted by the Coronavirus cover the costs of their employees' wages. Eligible businesses may include sole traders, whose turnover had reduced by more than 30 per cent if they have a turnover of less than \$1 billion or by more than 50 per cent if they have a turnover of more than \$1 billion.

2. Boosting Cash Flow for Employers

The Government is providing temporary cash flow support to small and medium businesses and not for profit (NFP) organisations that employ staff.

The Government will provide tax-free cash flow boosts of between \$20,000 and \$100,000 to eligible businesses, delivered through credits in the activity statement system, when eligible businesses lodge their activity statements. This will be done through two sets of payments.

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

Eligible businesses receive initial payments for the March to June 2020 periods upon lodgement of activity statements. These payments will be equal to 100 per cent of their employees' salary and wages withheld. The minimum initial payment was \$10,000 and the maximum initial payment \$50,000.

Businesses who received initial cash flow boosts will receive additional cash flow boosts for the June to September 2020 period, equal to the total amount of initial cash flow boosts received.



3. Increasing the instant asset write-off

The Government has increased the instant asset write-off threshold from \$30,000 to \$150,000 and expanded access to include businesses with aggregated annual turnover of less than \$500 million (up from \$50 million) until 30 June 2020. In 2017-18 there were more than 360,000 businesses that benefited from the current instant asset write-off, claiming deductions to the value of over \$4 billion. This measure will support over 3.5 million businesses (over 99 per cent of businesses) employing more than 9.7 million employees.

TAX TIP

If you want to get a tax write off before June 30, we recommend you look at buying a new motor vehicle before the end of the financial year.

If you are looking at buying a car, it's still confined by the luxury car limit & the depreciation limit – effectively this means that you should not pay in excess of \$57,581 for a sedan to get the full benefit.

Any payment in excess of the \$ 57,581 limit will be treated as a private portion.

4. Backing business investment

The Government has introduced a time-limited 15-month investment incentive (through to 30 June 2021) to support business investment and economic growth over the short term, by accelerating depreciation deductions. Businesses with a turnover of less than \$500 million will be able to deduct 50 per cent of the cost of an eligible asset on installation, with existing depreciation rules applying to the balance of the asset's cost.

5. Supporting apprentices and trainees

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 until 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).



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If any client wants to discuss their eligibility for any of these schemes please ring myself or Briana on 07 3367 0663. If any client is suffering financial difficulties at this time please ring our office & we will do our best to help you out.

Thank you very much for your support during these difficult times.
Its very much appreciated

Kind regards

Darryl O'Brien

Darryl O'Brien, B.BUS, FCPA, CA

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