

COVID-19

There is no doubt that the economic fallout from COVID-19 will touch every single Australian business – big, small and medium. Through no fault of management, many businesses may not survive... Let's face it, we are all in uncharted waters.

As many directors and business owners are consumed with understanding what the short-term future looks like from a financial perspective, one course directors can consider is 'safe harbour' protection.

Safe harbour protection provides an opportunity for directors to turn around a financially distressed business without risking personal liability from insolvent trading.

Typically, the protection comes about from steps directors can take now:

1. Develop and follow a plan or a course of action
2. Engage a suitably qualified expert to formulate the plan
3. Ensure the plan or course would likely lead to a better outcome (than liquidation)
4. Continue to pay all employee entitlements (including super), and
5. Continue to report tax obligations.

Read more about safe harbour protection in this [PDF by the Australian Restructuring Insolvency and Turnaround Association \(ARITA\)](#).

Contact Peter M. Lee on 07 3186 6666 today if your business is under stress, and we can help you gain clarity and direction.

ECONOMIC STIMULUS

For Individuals:

Early release of superannuation

Access up to \$10,000 of their superannuation in 19/20 and a further \$10,000 in 20/21. Nil tax on amounts released and will not affect Centrelink payments.

Reducing superannuation minimum drawdown rates

Reduction of superannuation minimum drawdown requirements for account-based pensions (and similar) by 50 per cent for 19/20 and 20/21.

Reducing social security deeming rates

From 1 May 2020, the upper deeming rate will be 2.25 per cent and the lower deeming rate will be 0.25 per cent.

Income support payments

An additional \$550 per fortnight *Coronavirus supplement* for both existing and new recipients of JobSeeker Payment, Youth Allowance Jobseeker, Parenting Payment, Farm Household Allowance and Special Benefit.

For Business:

PAYG cashflow benefit

Initial payment

Eligible small and medium-sized business entities (including charities) will receive a payment equal to 100 per cent of their salary and wages withheld.

The maximum payment of \$50,000 and minimum payment of \$10,000 (April -June).

Additional payment

An additional payment is also being introduced in the July - October 2020 period equal to the total of the initial payment they have received. This means that eligible entities will receive at least \$20,000 up to a total of \$100,000 as total of payments

The ATO will deliver all payments as a credit to the entity upon lodgement of activity statements and when this puts the entity in a refund position, the ATO will deliver the refund within 14 days.

Increasing the instant asset write-off

Increase in the instant asset write-off threshold (until 30 June 2020) from \$30,000 to \$150,000 and expanding access to include businesses with aggregated annual turnover of less than \$500 million (up from \$50 million).

Investment incentive

Accelerated depreciation deduction of 50 per cent of the cost of an eligible asset (through to 30 June 2021) on installation for businesses with a turnover of less than \$500 million.

Temporary relief for financially distressed businesses

Increase in the threshold at which creditors can issue a statutory demand on a company and the time companies must respond to statutory demands they receive. Also, targeted temporary relief for directors from any personal liability for trading while insolvent.

Payroll tax relief (Queensland government)

The Qld government has announced it will immediately refund two months' worth of payroll tax and waive the next three months payroll tax.

[You need to pay payroll tax in Queensland if you are an employer (or group of employers) with taxable wages exceeding a threshold of \$1.3 million a year]

Disclaimer: This information is general in nature and should not be relied on as advice. It does not take into account the objectives, financial situation or needs of any particular person. You need to consider your financial situation and needs and seek professional advice before making



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