
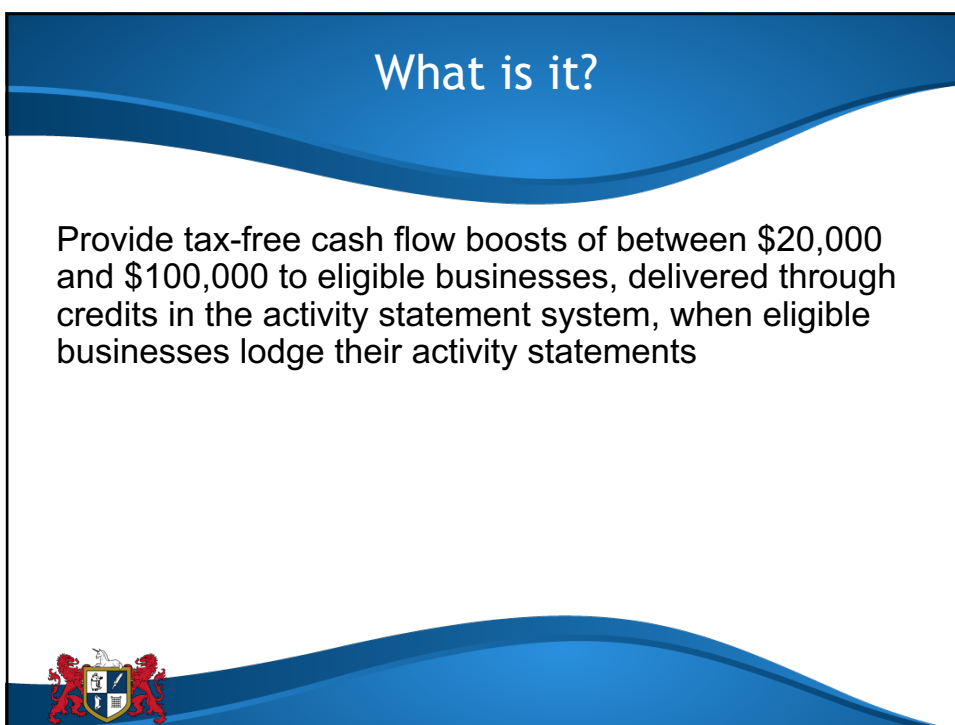


Boosting cash flow for employers




This slide features a white background with a dark blue wavy shape on the right side. The text "Boosting cash flow for employers" is written in white within this shape. In the bottom left corner, there is a small red and white coat of arms.

26



What is it?

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 slide has a dark blue header with the text "What is it?". Below the header, the text "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" is displayed. A dark blue wavy shape is at the bottom, and a small red and white coat of arms is in the bottom left corner.

27

How is it paid?

- When lodgment of March BAS/IAS is finalised
- First amount will automatically be credited but no earlier than 28 April 2020
- If you lodge early, you will not receive the cash flow boost before this date



28

Eligibility

You will be eligible to receive the cash flow boost if you are a small or medium business entity including:

- NFP
- sole trader
- partnership
- company
- trust

held an ABN on 12 March 2020 and continue to be *active*

aggregated annual turnover under \$50 million (generally based on prior year turnover)

- made eligible payments you are required to withhold from (even if the amount you need to withhold is zero)



29

Eligibility

Eligible payments include:

- salary and wages
- director fees
- eligible retirement or termination payments
- compensation payments
- voluntary withholding from payments to contractors



30

Eligibility

In addition, you must also have either:


- derived business income in the 2018–19 income year and lodged your 2019 tax return on or before 12 March 2020
- made GST taxable, GST-free or input-taxed sales in a previous tax period (since 1 July 2018) and lodged the relevant activity statement on or before 12 March 2020



31

Timing - Payment 1 - Quarterly


Eligible period	Lodgment due date	Payment
Quarter 3 (January, February and March 2020)	28 April 2020	If less than \$10,000 then \$10,000 paid If more than \$10,000 then value of PAYGW to a max of \$50,000
Quarter 4 (April, May and June 2020)	28 July 2020	If March plus June PAYGW is less than \$10,000 then \$0 If more than \$10,000 then sum of March and June less \$10,000 March payment to a max of \$50,000



33

Timing - Payment 1 - Monthly

Eligible period	Lodgment due date	Payment
March 2020	21 April 2020	Gross Up (300% to cover Jan, Feb and March months) – If less than \$10,000 then \$10,000 paid If more than \$10,000 then value of grossed up PAYGW to a max of \$50,000
April 2020	21 May 2020	If more than \$10,000 Credit to a maximum of \$50,000
May 2020	22 June 2020	If more than \$10,000 Credit to a maximum of \$50,000
June 2020	21 July 2020	If more than \$10,000 Credit to a maximum of \$50,000



34

Timing - Payment 2 - Quarterly

Eligible period	Lodgment due date	Payment
Quarter 4 (April, May and June 2020)	28 July 2020	50% of total value of 1 st payment
Quarter 1 (July, August and September 2020)	28 October 2020	50% of total value of 1 st payment



35

Timing - Payment 2 - Monthly

Eligible period	Lodgment due date	Payment
June 2020	21 July 2020	25% of total value of 1 st payment
July 2020	21 August 2020	25% of total value of 1 st payment
August 2020	21 September 2020	25% of total value of 1 st payment
September 2020	21 October 2020	25% of total value of 1 st payment



36

February BAS

- February IAS for PAYGW
- Lodge it
- Maybe don't pay it
- The March PAYGW credit may settle the Feb amount (Subject to GST etc)



37

Tax consequences

- Cash flow boosts
 - are tax free (non-assessable non-exempt income) and
 - are not required to be paid back when your cash flow improves
 - Not subject to GST
- If you have been paid more cash flow boosts than you are entitled to, you will be required to repay the excess
- You will still be entitled to a deduction for PAYG withholding paid
- There is no effect on tax paid by employees in respect of their salary and wages



39

Lodgment deferrals

- Eligible entities that have received deferrals, (e.g, recent bushfires) do not miss out on the payment or have to forgo their extended time to lodge to qualify
- The cash flow boost will generally be made at the time of the deferred lodgment



40

Refunds

- Boost payments will be used to pay any ATO debt arising from previous & current lodgments on client ICA
- If ICA credit from boost payments – refund with 14 days
- **Note:** Check client bank account details are up to date

HOW: ATO? Request on Online Services



41