



Boosting cash flow for employers

- [https://www.ato.gov.au/Business/Business-activity-statements-\(BAS\)/In-detail/Boosting-cash-flow-for-employers/](https://www.ato.gov.au/Business/Business-activity-statements-(BAS)/In-detail/Boosting-cash-flow-for-employers/)
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Boosting cash flow for employers

Legislation has passed to provide temporary cash flow support to small and medium businesses and not-for-profit organisations that:

- employ staff
- have been affected by the economic downturn associated with COVID-19 (novel coronavirus).

Eligible businesses and not-for-profit (NFP) organisations will receive between \$20,000 to \$100,000 in cash flow boost amounts by lodging their activity statements up to the month or quarter of September 2020.

The cash flow boosts will be delivered as credits in the activity statement system, and will generally be equivalent to the amount withheld from wages paid to employees for each monthly or quarterly period from March to June 2020. In practice, this means you keep the amounts you have withheld from payments for these periods, however, there are some [exceptions](#).

An additional cash flow boost will be applied when activity statements for each monthly or quarterly period from June to September 2020 are lodged. These credits are equal to the total boosts credited for March to June 2020. They will be paid out in either two or four instalments depending on your reporting cycle.

You must lodge your activity statement to receive the cash flow boosts.

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- [What you need to know](#)
- [Eligibility](#)
- [Delivery of the cash flow boosts](#)
- [Accessing the cash flow boosts](#)

- [What you will receive](#)
- [Tax consequences](#)

See also:

- [COVID-19](#)
- [JobKeeper Payment](#)
- [Instant asset write-off](#)
- [Backing business investment – accelerated depreciation](#)

What you need to know

- For most businesses, the cash flow boost will automatically be credited to your account when you lodge your activity statement.
- The cash flow boosts will be applied to reduce liabilities arising from the same activity statement. If there is credit remaining after this occurs you will generally receive a refund of that amount.
- To support eligible entities during the period associated with COVID-19, any excess credit from the activity statement that received the cash flow boost amount will be refunded to you, rather than offset against any other tax debts you have. However, any excess may still be applied against any outstanding debts with other Australian Government agencies.

Eligibility

For most businesses and NFP organisations you will be eligible to receive the cash flow boost if:

- You are a small or medium business entity or NFP of equivalent size (that is, an entity with aggregated annual turnover less than \$50 million).
- You held an ABN on 12 March 2020.
- You made payments to employees subject to withholding (even if the amount you withheld is zero), such as
 - salary and wages
 - director fees
 - eligible retirement or termination payments
 - compensation payments
 - voluntary withholding from payments to contractors.
- You have lodged, on or before 12 March 2020, at least one of
 - a 2018–19 income tax return showing that you had an amount included in your assessable income in relation to you carrying on a business.
 - an activity statement or GST return for any tax period that started after 1 July 2018 and ended before 12 March 2020 showing that you made a taxable, GST-free or input-taxed sale.

We have discretion to give you further time, after 12 March 2020, to:

- hold an ABN
- provide us notice that business income or supplies were made.

However, the discretion is intended to be utilised only in very exceptional circumstances. This can include where you cannot satisfy the condition:

- because although you were running an active business prior to 12 March 2020, you were not required to hold an ABN as a matter of law. For example, an entity which operates in the external Territories of Australia is not required to have an ABN.
- only because you have deferred your lodgment under an extension of lodgment date granted by the Commissioner. For example, you had an automatic ATO lodgment deferral in place, as you were affected by the Australian bushfires in late 2019, and you will lodge your first BAS after 12 March 2020.

We are unlikely to exercise the discretion to extend the 12 March 2020 date if doing so would be inconsistent with the integrity provisions. For example, this may include where steps are taken to set up new entities, or revive dormant entities, solely for the purposes of accessing the cash flow boost.

You are not eligible for the cash flow boosts if you change the way you operate for the purpose of becoming entitled to cash flow boosts when you would otherwise not be entitled.

See also:

- [Schemes](#)

Example – A business that is eligible for the cash flow boost

Robert has operated a small restaurant in Adelaide since 2015. He has had an ABN since then and pays wages to his chefs every week.

Robert's income tax return for 2018–19 is not due until May 2020. However, he has lodged all his activity statements since July 2018.

Robert is eligible to receive a cash flow boost.

Example – A business that is not eligible for the cash flow boost

Carmel applied for an ABN and started a food delivery business in February 2020. She has one employee that she pays wages fortnightly.

Carmel's business was not operating in the 2018–19 year so she has not lodged an income tax return. Because she reports GST quarterly, Carmel also has not lodged an activity statement for a tax period that ended before 12 March 2020.

Carmel is not eligible to receive a cash flow boost.

Example – A business that does not pay employees

Angela runs a small convenience store in Darwin using a trust as her business vehicle. She is the only person who works in the business. She provides for her own remuneration by making trust distributions during the year and does not pay any wages.

As Angela does not make eligible payments to employees, she is not eligible to receive the cash flow boost.

On 15 March 2020, Angela realises her business is not eligible and applies to become registered for PAYG withholding, backdated to 1 March 2020. She changes her business records to reclassify some trust distributions as wages.

Angela is still not eligible to receive the cash flow boost because she has changed the way her business operates for the purpose of receiving a cash flow boost that she was not otherwise entitled to receive.

Special eligibility rules

There are special eligibility rules for entities in some situations:

- [Entities that are not required to be registered for GST](#)
- [Charities](#)
- [Businesses with related parties, or that are part of a group](#)
- [Businesses with multiple branches.](#)

Entities with a decline in turnover

If your aggregated turnover in previous years was greater than \$50 million, but you expect it to be less than \$50 million in 2019–20, you may still be eligible to receive a cash flow boost.

Contact us to provide more information about your circumstances.

See also:

- [Providing more information about your eligibility](#)

Example – A business that is experiencing a decline in turnover

Sri runs a cellar door service for several regional wineries. The aggregated turnover of her business in 2018–19 was \$60 million.

In the financial year up to 29 February 2020, Sri's business had a turnover of \$40 million. However, as a result of restrictions imposed as a response to the coronavirus, Sri is not permitted to trade between 25 March and 30 June 2020. Therefore, she expects her aggregated turnover for 2019–20 year to be around \$41 million.

Sri contacts the ATO to discuss her eligibility for the cash flow boost and provides the additional supporting documents requested.

Entities that are not required to be registered for GST

If you are not required to be registered for GST and you are not required to lodge a 2018–19 tax return, we need you to contact us and provide more information about your business activity.

See also:

- [Providing more information about your eligibility](#)

Charities

If you are a charity registered with the Australian Charities and Not-for-profits Commission (ACNC) you are eligible, regardless of when you were registered as a charity, if you:

- had an aggregated annual turnover under \$50 million (generally based on prior year turnover)
- made eligible payments that you were required to withhold from (even if the amount you withheld is zero).

Businesses with related parties, or that are part of a group

Your aggregated turnover will include your annual turnover and the annual turnover of any entity that is connected with you or that is your affiliate. This may affect your eligibility for the cash flow boost. If you are part of a tax consolidated group or GST group these entities may be part of the same group, however it may also include entities which are outside these groups.

Broadly, an entity is connected with you if it can exercise control, such as voting rights and distributions of income or capital. An entity is an affiliate of yours if they act, or could reasonably be expected to act, according to your directions or wishes, in relation to their business affairs.

We will use the annual turnover in your most recent previous year's tax return, as well as other information held by us, to determine your eligibility. If your annual turnover and the annual turnovers of entities connected or affiliated with you total more than \$50 million, then you (and the entities connected or affiliated with you)

will not be eligible for the cash flow boost.

If you are not required to lodge a tax return, or don't have lodgments from previous years, you may still be eligible if we are satisfied that your aggregated annual turnover is under \$50 million.

Example – A business that is part of a group

Companies B and C are subsidiaries of Company A. Each company reported individual annual turnover of \$26 million in their 2018–19 income tax return.

Companies B and C are connected to Company A. Although Companies B and C each have annual turnover that is below \$50 million, their aggregated turnover includes the annual turnover of Company A. As their aggregated annual turnover is over \$50 million, they are not eligible to receive a cash flow boost.

See also:

- [Work out your aggregated turnover](#)

Businesses with multiple branches

If you are an entity that operates several branches of a business using one ABN you are considered a single business for the purposes of the cash flow boost. This means you are not entitled to receive a separate cash flow boost for each branch.

Example – A business that has multiple branches

Con runs three pharmacies in Townsville using his ABN. Each pharmacy pays staff separately and lodges separate activity statements.

Con is only entitled to receive the cash flow boost for a single business, not for each pharmacy.

Impact of lodgment deferrals

You won't be disadvantaged if, before 12 March 2020, we gave you a deferral for your:

- 2018–19 tax return, or it is not yet due for you
- activity statements, or you are not required to lodge an activity statement yet.

However, we will need more information to confirm your eligibility for the cash flow

boosts if you:

- haven't lodged because of the deferral we gave you
- aren't able to lodge your deferred tax return or activity statement before you lodge your March 2020 activity statement.

If you are able to lodge your deferred tax return or activity statement before your March 2020 activity statement, we should be able to determine your eligibility when you lodge.

See also:

- [Providing more information about your eligibility](#)

Example – Deferred lodgment due dates

Hieu uses a tax agent to prepare his business income tax and annual GST returns. He did not lodge his 2018–19 tax return or annual GST return by 12 March 2020 because his due date for these lodgments is 15 May 2020.

Hieu remains eligible to receive the cash flow boost as long as he lodges his 2018–19 tax return or 2018–19 annual GST return before his due date.

If Hieu lodges his March 2020 activity statement before either of the 2018–19 returns are lodged, the cash flow boost will be credited when the first return is lodged.

Alternatively, Hieu can provide us with supporting documents that assist us to determine that he is eligible.

Providing more information about your eligibility

We need some businesses to provide us with more information before we can determine that they are eligible to receive the cash flow boost. For example, we will need more information from:

- businesses with aggregated turnover that declines below \$50 million for the 2019–20 year
- businesses that do not have an obligation to lodge at least one of the following
 - a 2018–19 income tax return which shows an amount included in assessable income in relation to carrying on a business
 - an activity statement or GST return for any tax period that started after 1 July 2018 and ended before 12 March 2020 which shows a taxable, GST-free or input-taxed sale.

If this describes your business please [contact us](#) to discuss your eligibility.

If your business is not eligible to receive the cash flow boost but you are concerned that a cash flow boost will be credited to you – for example, because you have a business structure that makes identifying affiliates difficult – you can also contact us.

Additional supporting documents

If you contact us and we cannot determine whether you are eligible we may ask you to provide additional supporting documents.

The kinds of supporting documents we ask for will depend on your circumstances and may include:

- For businesses that have experienced a decline in turnover
 - Business records showing year-to-date turnover
 - Directives issued by state or territory governments that prohibit trading
 - Other documents that demonstrate the reasons for turnover declining.

- For businesses that have not lodged income tax returns or activity statements and need to provide information about their business activity
 - Tax invoices
 - Records of merchant payment facilities
 - Evidence of corporate structure, including ASIC registration for companies, partnership agreement, executed trust deed
 - Bank statements in the business name
 - Council permits (for example, for building use, selling food or storage of dangerous goods)
 - Occupancy agreements (such as leases) for business premises
 - Documents showing business financing arrangements
 - Business contracts
 - Advertising of business services.

- For businesses that need to provide information about their employees
 - Payslips you have issued to employees
 - Employee declarations, such as a TFN declaration or withholding variation
 - Payroll information
 - Employment contracts
 - Employer insurance policies, such as for workers compensation insurance
 - Registration for, or remittance of, state and territory payroll taxes
 - Superannuation payments you have made.

See also:

- [Delivery of the cash flow boosts](#)
- [Accessing the cash flow boosts](#)
- [What you will receive](#)
- [Tax consequences](#)

Delivery of the cash flow boosts

- [https://www.ato.gov.au/Business/Business-activity-statements-\(BAS\)/In-detail/Boosting-cash-flow-for-employers/?page=2](https://www.ato.gov.au/Business/Business-activity-statements-(BAS)/In-detail/Boosting-cash-flow-for-employers/?page=2)
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Find out about:

- [Initial cash flow boost](#)
- [Additional cash flow boost](#)

Initial cash flow boost

Timing

The initial cash flow boosts will be delivered as credits in the activity statement system when you lodge your activity statements for each monthly or quarterly period from March to June 2020.

Amount

Your initial cash flow boost amount is based on the amount of your PAYG withholding.

Eligible businesses that withhold tax on their employees' salary and wages will receive a credit equal to 100% of the amount withheld, with the following exceptions:

- Monthly lodgers will receive a credit for March 2020 which is 300% of their withholding for that month. This will provide an approximate equivalent to lodgers reporting quarterly.
- Eligible businesses will receive a minimum of \$10,000 across March to June 2020, even if their total withholding is less than \$10,000.
- Total cash flow boosts for March to June 2020 cannot exceed \$50,000.

If you receive the minimum credit of \$10,000 you will not be eligible to receive any more cash flow boosts until your PAYG withholding exceeds \$10,000 over the eligibility periods.

Example – PAYG is less than \$10,000 in first period

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 2020 quarterly activity statement, Tim reports:

- wages paid at W1
- \$0 at W2, because his employees are under the tax-free threshold.

The March 2020 quarter is the first period Tim is eligible for an initial cash flow boost. His withholding of \$0 is less than \$10,000. This means Tim's initial cash flow boost will be the minimum amount of \$10,000.

Tim will not receive any further initial cash flow boosts unless his withholding in the June 2020 quarter is greater than \$10,000.

Example – Total cash flow boosts reaches maximum limit of \$50,000

Sarah owns and runs a building business in South Australia. She employs 8 construction workers who each earn \$89,730 per year. In the activity statements for March, April, May and June 2020, Sarah reports:

- wages paid at W1
- withholding of \$15,008 at W2.

As her March 2020 withholding is greater than \$10,000, Sarah's initial cash flow boost is \$45,024 (3 × \$15,008).

For April 2020, Sarah's withholding is \$15,008. However, there is only \$4,976 of the initial cash flow boost remaining before she reaches the maximum limit of \$50,000. This means for April 2020 she will receive a further initial cash flow boost of \$4,976.

Sarah will not receive any further initial cash flow boosts after she has reached the \$50,000 limit.

Key dates

If you lodge:

- quarterly, you will be eligible to receive the credit for
 - quarter 3 (January, February and March 2020). Lodgment due date is 28 April 2020 (see [note](#)).
 - quarter 4 (April, May and June 2020). Lodgment due date 28 July 2020.
- monthly, you will be eligible to receive the credit for
 - March 2020. Lodgment due date 21 April 2020.
 - April 2020. Lodgment due date 21 May 2020.
 - May 2020. Lodgment due date 22 June 2020.
 - June 2020. Lodgment due date 21 July 2020.

Note: If you have been affected by the 2019–20 bushfires, automatic lodgment deferrals are in place until 28 May 2020.

Additional cash flow boost

Timing

Eligible entities who received initial cash flow boosts will receive additional cash flow boosts when you lodge your activity statements for each monthly or quarterly period from June to September 2020. These will be delivered in either two or four instalments, depending on your reporting period.

Amounts

The amounts will be equal to the total amount of initial cash flow boosts received.

Key dates

If you lodge:

- quarterly, you will receive 50% of your total initial cash flow boosts for each activity statement. You will be eligible to receive the credit for
 - quarter 4 (April, May and June 2020). Lodgment due date is 28 July 2020.
 - quarter 1 (July, August and September 2020). Lodgment due date 28 October 2020.
- monthly, you will receive 25% of your total initial cash flow boosts for each activity statement. You will be eligible to receive the credit for
 - June 2020. Lodgment due date 21 July 2020.
 - July 2020. Lodgment due date 21 August 2020.
 - August 2020. Lodgment due date 21 September 2020.
 - September 2020. Lodgment due date 21 October 2020.

Example – quarterly activity statement

Tim received initial cash flow boosts of \$10,000. When Tim lodges his June and September 2020 quarterly activity statements, he will receive additional cash flow boosts as follows:

- \$5,000 for quarter ended June 2020
- \$5,000 for quarter ended September 2020.

Example – monthly activity statement

Sarah received the maximum initial cash flow boosts of \$50,000. When Sarah lodges her June to September 2020 activity statements she will receive additional cash flow boots as follows:

- June 2020 – \$12,500
- July 2020 – \$12,500

- August 2020 – \$12,500
- September 2020 – \$12,500.

Example – withholding declining during the coronavirus situation

Mary has employees and withholds from their wages. She is eligible to receive the cash flow boost. When she lodges her quarterly activity statements she reports withholding as follows:

- March 2020 – \$12,000
- June 2020 – \$2,000
- September 2020 – \$0.

When she lodges her activity statements, Mary will receive cash flow boost credits of:

- March 2020 – \$12,000 from the initial cash flow boost
- June 2020 – \$2,000 from the initial cash flow boost plus \$7,000 from the additional cash flow boost
- September 2020 – \$7,000 from the additional cash flow boost.

Find out about:

- [Accessing the cash flow boosts](#)
- [What you will receive](#)
- [Tax consequences](#)

See also:

- [Due dates for lodging and paying your BAS](#)

Accessing the cash flow boosts

- [https://www.ato.gov.au/Business/Business-activity-statements-\(BAS\)/In-detail/Boosting-cash-flow-for-employers/?page=3](https://www.ato.gov.au/Business/Business-activity-statements-(BAS)/In-detail/Boosting-cash-flow-for-employers/?page=3)
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To access the cash flow boost, you must lodge your activity statement for PAYGW.

If your business is a large withholder for PAYGW purposes, you should continue to pay your PAYGW to us as normal. To receive the cash flow boost, you must lodge

the activity statement for your other obligations (such as GST).

What you will receive

The cash flow boosts will be applied to reduce liabilities arising from the same activity statement.

To support eligible entities during the period associated with COVID-19, any excess credit from the activity statement that received the cash flow boost amount will be refunded to you, rather than offset against any other tax debts you have. However, excess amounts may still be applied against any outstanding debts with other Australian Government agencies.

You may also receive a refund if you overpay your activity statement because your system was unable to take the cash flow boost into consideration when working out how much was payable.

If you are due to receive a refund, we will generally pay it within 14 days.

Example – refund of cash flow boost

When Sarah lodges her activity statement for the month of March 2020 she owes:

- PAYG withholding of \$15,008
- GST of \$9,704.

She also owes \$4,500 from her February 2020 activity statement.

Sarah's initial cash flow boost for the March activity statement is \$45,024. This is used to pay the March activity statement liabilities of \$24,712 (\$15,008 + \$9,704). She will be left with a remaining cash flow boost of \$20,312.

To support Sarah's business during this period, the cash flow boost of \$20,312 will not be used to pay her outstanding liability of \$4,500 from the February activity statement. Instead it will be paid to Sarah as a refund.

Example – overpaying activity statement

Sanjay's software calculated the liability for the quarterly March 2020 activity statement as \$12,500. It did not account for any initial cash flow boost he may be entitled to. He pays the liability immediately.

Sanjay is entitled to an initial cash flow boost of \$10,000. This means the

March 2020 quarterly activity statement will be in credit by \$10,000.
Generally, the overpayment of \$10,000 will be refunded to Sanjay.

Tax consequences

You do not need to pay tax on the amount of the cash flow boost. However, if you distribute the cash flow boost from the business to another entity (for example, making a trust distribution or paying a dividend to shareholders) there may be tax consequences for the recipient.

The amounts do not need to be paid back when your cash flow improves. However, if you have been paid more cash flow boosts than you are entitled to you will need to repay the excess.

The boost is not subject to GST as you are not making or agreeing to make a supply for the payment.

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.

Schemes

You will not be eligible for cash flow boosts if you (or a representative) have entered into or carried out a scheme for the purpose of:

- becoming entitled to cash flow boosts when you would otherwise not be entitled
- increasing the amount of the cash flow boosts.

Schemes could include:

- artificially restructuring or arranging your business to meet the eligibility criteria
- increasing wages paid in a particular month to maximise the cash flow boost amount.

Any sudden changes to the characterisation of payments you make may prompt us to investigate whether the payments are in fact wages. This could trigger an ongoing liability to pay FBT, PAYG withholding, super guarantee contributions and other employee-related costs.

If the payments are wages, we may consider the characterisation of past payments, including whether:

- they should have been subject to PAYG withholding
- super guarantee contributions should have been made
- you have FBT obligations that have not yet been met.

The arrangements that concern us include:

- artificially restructuring businesses to gain access to the cash flow boost
- artificially changing the character of payments to salary and wage to maximise the cash flow boost
- inflating reported withholding amounts to maximise the cash flow boost
- resurrecting dormant entities or phoenixing
- making false statements or fraudulent attempts to create an entitlement.

If we find you have entered into or carried out a scheme with the aim of becoming entitled to the cash flow boost, or increasing the amounts of the cash flow boost, you will be required to repay the entire amount back to the Commissioner.

Significant penalties and interest charges can apply to overpayments of the cash flow boost arising from schemes. Sanctions under criminal law may also apply to fraudulent claims.

See also:

- [Cash flow boosts for employers – schemes to artificially create or inflate entitlements](#)
- [Cash flow boost for employers – fraudulent arrangements](#)

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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