

## YOUR MONEY MATTERS APRIL 2020

We hope everyone, including family and friends are all healthy and happy in these very different times. This month's edition includes information on:

1. **The JobKeeper payment** which has now been passed by parliament,
2. **Law Changes** that now make **directors liable for GST**
3. **New Super Guarantee Amnesty**
4. **Increase in amount you can claim for home office expenses** while working from home during Covid-19
5. **A "Code of Conduct for Commercial Leasing"** issued by Federal Government outlining recommendations on how **landlords and tenants** should pay rent if tenants are being affected by Covid-19
6. **State Government is offering Land Tax Relief**

### **JOBKEEPER PAYMENT**

We have included a summary below regarding the JobKeeper payment. Not every business is the same, accordingly please read the various Fact Sheets issued by Treasury in the below link for those who need more information. The link has several fact sheets but the "Frequently asked Questions" Fact Sheet will answer most questions for you, otherwise please do not hesitate to contact our office.

<https://treasury.gov.au/coronavirus/jobkeeper>

[https://www.ato.gov.au/general/JobKeeper-Payment/?=redirected\\_JobKeeper](https://www.ato.gov.au/general/JobKeeper-Payment/?=redirected_JobKeeper)

## Employer Obligations

In short, to receive the JobKeeper Payment

1. A Business GST Turnover has fallen or likely to fall by more than 30%. To establish that a business has, or is likely to, face the relevant fall in their turnover, the ATO will compare the turnover showing on your BAS from 2019 to 2020. The Tax Commissioner will also have discretion to set out alternative tests that would establish eligibility in specific circumstances
2. You will need to a(see below)
3. Provide information to the ATO of all eligible employees. This includes information on the eligible employees engaged as at 1 March 2020 and those currently employed by the business (including those stood down or re-hired). For most businesses, the ATO will use Single Touch Payroll data to pre-populate the employee details for the business.
4. Ensure that each eligible employee receives at least \$1,500 per fortnight (before tax). Employees who receive \$1,500 per fortnight or more from their employer will continue to receive their regular income according to their prevailing workplace arrangements. For employees that have been receiving less than this amount, the employer will now need to pay them, at a minimum, \$1,500 per fortnight before tax.
5. Notify all eligible employees that they are receiving the JobKeeper Payment and both parties agree.
6. Continue to provide information to the ATO on a monthly basis, including the number of eligible employees employed by the business.
7. Eligible employees are employees who meet all criteria:
  - Are currently employed by the eligible employer (including those stood down or re-hired);
  - Were employed by the employer at 1 March 2020;
  - Are full-time, part-time, or long-term casuals (a casual employed on a regular and systemic basis for longer than 12 months as at 1 March 2020);
  - Are a permanent employee of the employer, or if a long-term casual employee, not a permanent employee of any other employer;
  - Are at least 16 years of age at 1 March 2020;
  - Are an Australian citizen, the holder of a permanent visa, or a Special Category

(Subclass 444) Visa Holder at 1 March 2020;

- Were a resident for Australian tax purposes on 1 March 2020; and
- Are not in receipt of a JobKeeper Payment from another employer.

### **Businesses without employees**

Businesses without employees, such as the self-employed, can register their interest in applying for JobKeeper Payment at [ato.gov.au](http://ato.gov.au) from 30 March 2020 and enrol for the JobKeeper payment from 20 April onwards.

Businesses without employees will need to provide an ABN for their business, nominate an owner to receive the payment and provide that owner's Tax File Number and provide a declaration as to recent business activity. A business owner who is a permanent employee of another employer is only eligible for the JobKeeper Payment from that employer.

The payment will be made monthly to that person's bank account.

### **Employee Obligations**

Employees will receive a notification from their employer that they are receiving the JobKeeper Payment. You will receive a form from your employer to complete, you must complete this form and return to your employer ASAP. Employees in the following circumstances will have additional obligations.

- Employees that have multiple employers must notify the employer that is their primary employer.
- Employees that are not Australian citizens must notify their employer of their visa status, to allow their employer to determine if they are an eligible employee.
- Employees that are currently in receipt of, or have applied for, an income support payment should advise Services Australia of their change in circumstances online at [my.gov.au](http://my.gov.au) or by telephone. Eligible employees include Australian citizens, the holders of a permanent visa, and Special Category (Subclass 444) Visa holders as at 1 March 2020. Employees must be a resident for Australian tax purposes on 1 March 2020.

### **Application process:**

We have also included the below links to the Jobkeeper nomination form which needs to be completed by both the employer and employee and keep the form for 5 years. Employers can then apply from 20 April on Business Portal, or we can apply for you on our Tax Agent Portal. If you want to claim from 30 March you must apply before 30 April.

[DOWNLOAD EMPLOYEE NOMINATION FORM](#)

### **New laws can make directors personally liable for GST**

The government recently passed new legislation designed to strengthen laws to *"crack down on illegal phoenixing activity by dodgy business operators who try to avoid their obligations to their customers, employees and creditors."*

In particular, the changes allow the ATO to collect estimates of anticipated GST liabilities, and make company directors **personally liable** for their company's GST liabilities in certain circumstances (basically by including these liabilities in the director penalty notice regime).

Importantly, the expansion of the director penalty notice regime to include GST liabilities will commence from 1 April 2020.

### **New super guarantee amnesty**

On 6 March 2020, the government introduced a superannuation guarantee ('SG') amnesty.

This amnesty allows employers to disclose and pay previously unpaid super guarantee charge ('SGC'), including nominal interest, that they owe their employees, for quarter(s) starting from 1 July 1992 to 31 March 2018, without incurring the administration component (\$20 per employee per quarter) or Part 7 (double SGC) penalty.

In addition, payments of SGC made to the ATO after 24 May 2018 and **before 7 September 2020** will be tax deductible.

Employers who have already disclosed unpaid SGC to the ATO between 24 May 2018 and 6 March 2020 don't need to apply or lodge again.

Employers who come forward from 6 March 2020 need to apply for the amnesty.

The ATO will continue to conduct reviews and audits to identify employers not paying their employees SG.

### **Working From Home**

The Australian Taxation Office (ATO) is announcing special arrangements this year due to COVID-19 to make it easier for people to claim deductions for working from home.

The new arrangement will allow people to claim a rate of 80 cents per hour for all their running expenses. (Clients claiming under the actual expense and floor area method can still choose to do).

Multiple people living in the same house can claim this new rate. For example, a couple living together could each individually claim the 80 cents per hour rate. The requirement to have a dedicated work from home area has also been removed.

This Rate is normally 52 cents per hour, the increase to 80 cent is only for the period relating to the Covid-19 shutdown.

We recommend you keep a diary record for 2 to 4 weeks recording the number of hours per week you are working from home to substantiate the claim.

### **TENANT/LANDLORD**

#### **“NATIONAL MANDATORY CODE OF CONDUCT”**

**The federal government released the above Code to give guidance to Tenants and Landlords of commercial leases (not residential) where the Tenant can prove to the landlord they have been affected by Covid-19. The Code explains its purpose and**

**principals among other things and has examples of what tenants should pay the landlord, and what the landlord should accept as a rental income from the tenant while the tenant is affected by Covid-19. The Code is a few pages long so I have included a link to the code below for those who are affected or interested. I have also included below the examples from the Code for ease of reference.**

<https://www.pm.gov.au/sites/default/files/files/national-cabinet-mandatory-code-of-conduct-sme-commercial-leasing-principles.pdf>

## **EXAMPLES OF THE APPLICATION OF THE PRINCIPLE OF PROPORTIONALITY**

The following scenarios are examples only, noting the circumstance of each landlord, SME tenant and lease are different, and are subject to negotiation and agreement in good faith.

Examples of practical variations reflecting the application of the principle of proportionality may include, but are not limited to:

1. Qualifying tenants would be provided with cash flow relief in proportion to the loss of turnover they have experienced from the COVID-19 crisis ie. a 60% loss turnover would result in a guaranteed 60% cash flow relief. At a minimum, half provided as rent free/rent waiver for the proportion of which the qualifying tenant's revenue has fallen. Up to half could be through a deferral of rent, with that to be recouped over at least 24 months in a manner that is negotiated by the parties.
2. So if the tenant's revenue has fallen by 100%, then at least 50% of total cash flow relief is rent free/rent waiver and the remainder is a rent deferral.
3. If the qualifying tenant's revenue has fallen by 30%, then at least 15% of total cash flow relief is rent free/rent waiver and the remainder is rent deferral.

Care should be taken to ensure that any repayment of the deferred rent does not compromise the ability of the affected SME tenant to recover from the crisis.

The parties would be free to make an alternative commercial arrangement to this formula if that is their wish.

**The State government is also offering Land Tax Relief, please see link below:**

<https://www.qld.gov.au/environment/land/tax/covid-19>

*Copyright©2016 Craig Baker & Associates, All rights reserved.*

**Our mailing address is:**  
[admin@craigbaker.com.au](mailto:admin@craigbaker.com.au)