

GOVERNMENT CASH FLOW ASSISTANCE FOR TRAVEL BUSINESSES

The Federal Government's economic response to the coronavirus (COVID-19) outbreak provides assistance to support businesses to manage cash flow challenges and help them to retain their employees.

These measures are designed to support small and medium enterprises and to improve business confidence. AFTA has prepared the following Fact Sheet for members to show how the support measures can be applied to your business.

BOOSTING CASH FLOW FOR EMPLOYERS

WHAT COULD I RECEIVE?

The Boosting Cash Flow for Employers measure will provide **up to \$25,000** back to your business, with a minimum payment of \$2,000 for eligible businesses.

The payment will provide **temporary cash flow support** to small and medium businesses that employ staff. The payment will be **tax free**.

AM I ELIGIBLE?

If you are a small or medium business with aggregated annual turnover of under \$50 million and you employ workers, then you are eligible. Your annual turnover will be determined by the ATO, based on your tax return and Business Activity Statements (BAS). For specific advice on whether you are eligible, please speak to your accountant. Your eligibility will be based on your previous financial year turnover.

SO HOW DOES IT WORK?

1. You will need to lodge your activity statement as you normally would - either online, by mail or through your accountant.
2. The payment will be delivered by the ATO as a credit in the activity statement system from 28 April 2020.
3. Eligible businesses that withhold tax to the ATO on your employees' salary and wages will receive a payment equal to 50 per cent of the amount withheld, up to a maximum payment of \$25,000.
4. Eligible businesses that pay salary and wages will receive a minimum payment of \$2,000 even if you do not withhold tax.
5. Where this credit places the business in a refund position, the ATO will deliver the refund within 14 days.

I LODGE MY ACTIVITY STATEMENTS QUARTERLY, WHEN WILL I RECEIVE THIS?

If you lodge your activity statements quarterly, you will be eligible to receive the payment for the quarters ending March 2020 and June 2020.

The minimum payment will be applied to the business' first lodgement.

I LODGE MY ACTIVITY STATEMENTS MONTHLY, WHEN WILL I RECEIVE THIS?

If you lodge your activity statements monthly, you will be eligible to receive the payment for the March 2020, April 2020, May 2020 and June 2020 lodgements.

To provide a similar treatment to quarterly lodgers, the payment for monthly lodgers will be calculated at three times the rate (150%) in the March 2020 activity statement.

The minimum payment will be applied to the business' first lodgement.

EXAMPLE A

Jenny owns and runs a travel agency business in South Australia and employs 8 consultants on average full-time weekly earnings who each earn \$89,730 per year. In the months of March, April and June for the 2019-20 income year, Jenny reports withholding of \$15,008 for her employees on each Business Activity Statement (BAS).

Under the Government's changes, Jenny will be eligible to receive the payment on lodgement of each of her BAS. Jenny's business receives:

- A payment of \$22,512 for the March period, equal to 150% of her total withholding.
- A payment of \$2,488 for the April period, before she reaches the \$25,000 cap.
- No payment for the May period, as she has now reached the \$25,000 cap.
- No payment for the June period, as she has now reached the \$25,000 cap.

EXAMPLE B

Matthew owns a small travel agency business in Melbourne, and employs two casual employees who each earn \$10,000 per year. In the March and June 2020 quarterly BAS, Matthew reports withholding of \$0 for his employees as they are both under the tax-free threshold.

Under the Government's changes, Matthew will be eligible to receive the payment on lodgement of his BAS. His business will receive:

- A payment of \$2,000 for the March quarter, as he pays salary and wages but is not required to withhold tax.
- No payment for the June quarter, as he has already received the minimum payment and he has no withholding obligation.

If Matthew begins withholding tax for the June quarter, he would need to withhold more than \$4,000 before he receives any additional payment.

SUPPORTING APPRENTICES AND TRAINEES

WHAT COULD I RECEIVE?

The Government is supporting small business to retain their apprentices and trainees. Eligible employers can apply for a **wage subsidy of 50%** of the apprentice's or trainee's wage paid during the 9 months from **1 January 2020 to 30 September 2020**.

This subsidy will be reimbursed to eligible employers **up to a maximum of \$21,000** per eligible apprentice or trainee.

Where a small business is not able to retain an apprentice or trainee, the subsidy will be available to a new employer.

AM I ELIGIBLE?

If you are a small business employing fewer than 20 full-time employees and you retain an apprentice or trainee, then you will be eligible.

Your apprentice or trainee must have been in training with your business as at 1 March 2020.

Employers of any size that re-engage an eligible out-of-trade apprentice or trainee will also be eligible for the subsidy.

All employers who apply for the subsidy will be assessed for eligibility by an Australian Apprenticeship Support Network (AASN) provider. The guidelines and requirements for this assessment will be released shortly, and AFTA will communicate this with members.

WHEN WILL I RECEIVE THIS ASSISTANCE?

Employers can register for the subsidy from early April 2020. Final claims for payment must be lodged by 31 December 2020.

A link will be made live to register through the Australian Apprenticeships website later next month. AFTA will communicate with members once this is active.

Further information can be found at www.australianapprenticeships.gov.au

EXAMPLE

Claire's Travel Agency is a small business that employs 10 people, including two full-time Australian trainees.

Taylor is a first-year Australian trainee, aged 20, undertaking a Certificate III qualification. She commenced her traineeship with Claire's Travel Agency on 6 February 2020. Taylor receives a weekly wage of \$532.89.

Lisa is a third-year trainee, aged 29, undertaking a Certificate IV qualification. She commenced her traineeship with Claire's Travel Agency on 18 November 2017. She receives a weekly wage of \$772.71.

Claire's Travel Agency is eligible for Supporting Apprentices and Trainees which pays 50 per cent of the trainee's wages that have been paid by the business since 1 January 2020.

Claire's Travel Agency will receive:

- \$9,059 subsidy for employing Taylor for 6 February 2020 to 30 September 2020; and
- \$15,068 subsidy for employing Lisa for 1 January 2020 to 30 September 2020.

FOR MORE INFORMATION

For more information on the Australian Government's Economic Response to Coronavirus, please visit www.treasury.gov.au/coronavirus.

Businesses can also visit www.business.gov.au to find out more about how the Economic Response complements the range of support available to small and medium businesses.

The AFTA team remains at the disposal of members to support and guide them at this difficult time.