

## **Boosting cash flow for employers**

To participate in this package you do not need to apply—other than lodge your BAS.

Legislation has passed to provide temporary cash flow support to small and medium businesses that:

- employ staff
- have been affected by the economic downturn associated with COVID-19

Eligible businesses 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 (BAS) from 28 April 2020. The amounts will generally be equivalent to the amount withheld from wages paid to employees in the March to June 2020 periods.

An additional cash flow boost will be applied when activity statements are lodged for June to September 2020. These credits are equal to the total boosts credited for March to June 2020.

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

### **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 first credit will occur on or after 28 April 2020.
- 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, from 28 April 2020 any excess credit from the activity statement that received the cash flow boost amount will be refunded to you.

### **Eligibility**

For most businesses 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.

## **Delivery of the cash flow boosts**

### **Timing**

The initial cash flow boosts will be delivered as credits in the activity statement system from 28 April 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.

## **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.
  - Quarter 4. Lodgment due date 28 July 2020.
  
- **Monthly**, you will be eligible to receive the credit
  - 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.

## **Tax consequences**

You do not need to pay tax on the amount of the cash flow boost.

## **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.