



In response to the social distancing and sanitary requirements of COVID-19, it has become common for businesses to provide additional cleaning and courier services to customers. As a result, many businesses have taken on contractors to assist with the extra work.

Businesses who have made payments to contractors in the last year may need to lodge a Taxable payments annual report (TPAR) by 28 August. This applies to the following contractor services:

- building and construction,
- courier, delivery or road freight,
- cleaning,
- information technology,
- security, surveillance or investigation.

Delivery and cleaning services are particularly

relevant for businesses operating through the COVID-19 pandemic. For example, businesses that are limiting access to their physical stores due to social distancing restrictions may have paid contractors providing courier services to deliver goods to customers on behalf of the business. If the payments received by the business for courier or cleaning services provided by contractors amounts to 10% or more of their total GST turnover, they will be required to complete a TPAR. Businesses can still lodge a TPAR even if they don't think they need to or if they are unsure if they meet the 10% GST turnover threshold.

Businesses providing courier or cleaning services using their existing employees and not contractors will not need to lodge a TPAR.

TPAR lodgements can be made using SBR-enabled business software, the ATO Business Portal, through a tax or BAS agent, or by ordering a Taxable payments annual report (NAT74109) paper form.



Transferring the ownership of assets from one party to another will typically attract CGT. However, in the event that a change in ownership occurs due to the breakdown of a relationship, you may be eligible for a rollover of the asset.

A rollover allows taxpayers to defer or disregard a capital gain or loss that would normally arise on a CGT event. Specifically, a same asset rollover can occur when an individual transfers assets to their ex-spouse, as the transferee already has an involvement with the asset. The spouse who receives the asset will make the capital gain or loss when they dispose of the asset in future. They will also receive the cost base of the asset (the cost of the asset at the time

of its initial purchase), as well as expenses incurred when acquiring, holding and disposing of the asset.

The rollover applies to CGT events that occur as a result of:

- An order of a court or a court order made by consent under the Family Law Act 1975 (foreign laws with similar logistics may also apply).
- A court order under a state, territory, or foreign law relating to the breakdown of a relationship.
- A binding financial agreement, or a corresponding written agreement.

Separating couples transferring assets in accordance with a binding financial agreement will not require court intervention, however, for rollover to apply, the following must be true at the time of transfer:

- the involved spouses are separated,
- there is no reasonable expectation of cohabitation resuming,
- the transfer of assets occurred for reasons directly related to the breakdown of the relationship. For example, the transfer may not be directly connected to the separation if the spouses already agreed to the transfer before the breakdown of their relationship.

Couples with informal or private agreements related to the transfer of assets will not be eligible for a rollover, and CGT will apply to these ownership transfers. The parties cannot choose whether or not the rollover applies to their situation.

## Adjusting GST liability on your BAS

Business activity statements (BAS) may require adjustments from time to time if their net GST liability changes or is incorrect.

An adjustment needs to be made in the event that your GST payable or credit attributed in a previous tax period becomes incorrect. The following are the situations which may require you to make an adjustment:

- the price of a sale or purchase is changed,
- the cancellation of a taxable sale you made, or a purchase for which you can claim a GST credit,
- bad debt write-off or recovery,
- making or receiving a third-party payment, and
- the GST-exclusive value of your purchase is more than \$1,000, and the actual use of your purchase (to make input-taxed sales or for private purposes) differs from your intended use.

The ATO requires you to make and issue adjustment notes to a purchaser in the case that you make a taxable sale and the price of the sale changes, the purchaser asks you for an adjustment note, or you become aware of a change and have already issued a tax invoice for the original sale. Adjustment notes must be issued no more than 28 days after such circumstances.

# What now? Where to get help if you need it

## Help for business

### Support for business employing apprentices and trainees

JobTrainer provides a 50% reimbursement to eligible employers for the cost of apprentice or trainee wages up to \$7,000 per quarter. Originally only for small businesses employing less than 20 employees, the subsidy recently expanded to include businesses with under 200 employees.

For small businesses (under 20 employees), the apprentice had to be employed on 1 March 2020 or on 1 July 2020 for claims after this date (claims are open now). For medium sized businesses (under 200 employees), the apprentice had to be employed on 1 July 2020 (claims open 1 October 2020). To access the subsidy, you will need to provide evidence of wages paid to the apprentice.

The subsidy is also accessible to larger employers employing apprentices let go by a small/medium business where that apprentice was eligible for the wage subsidy.

The subsidy is scheduled to end on 31 March 2021.

### State & territory based support

In addition to general waivers, reductions or rebates on some Government licensing and fees, each State and Territory has some form of support accessible to certain businesses impacted by COVID-19.

#### Western Australia

Support	Description	Closes
<a href="#">International competitiveness co-investment</a>	Matched funding of between \$50,000 and \$100,000 for existing exporters (under 200 employees) of food, beverages and services into Asia.	12 Aug. 2020
<a href="#">Payroll tax relief</a>	The tax-free threshold increased to \$1m on 1 July 2020.	

Support	Description	Closes
	Automatic grants of \$17,500 are being paid to employers with annual Australian taxable wages of more than \$1m and up to \$4m in 2018-19.	
<a href="#">Support when employing apprentices</a>	A one-off payment of \$6,000 for an apprentice and \$3,000 for a trainee employed from 1 July 2020.	30 June 2021
<a href="#">Incentive to employee apprentices</a>	Incentive of up to \$8,500 for employing an apprentice or trainee from 1 July 2019.	
<a href="#">Local Capability Fund</a>	Fund to increase capability of SMEs for planning, improvements to internal infrastructure, plant and equipment and training. Current rounds include cost recovery for: <a href="#">PPE manufacturing</a> (up to \$500k) and <a href="#">feasibility</a> (up to \$20k), and <a href="#">general recovery and growth</a> (up to \$100k) for supply to certain industries.	30 June 2021

#### Australian Capital Territory

Support	Description	Closes
<a href="#">Rate deferrals</a>	Rate deferrals for commercial property owners affected by COVID-19.	1 April 2021
<a href="#">Payroll tax deferral</a>	All ACT businesses with Australia-wide wages of up to \$10 million can apply to defer their 2020-21 payroll tax, until 1 July 2022.	

## New South Wales

Support	Description	Closes
<a href="#">Payroll tax deferral</a>	Option of deferring 2019-20 payroll tax to October 2020. Instalment plans can be entered into after October 2020. Payroll tax threshold has increased to \$1m for 2020-21.	
<a href="#">Small business recovery grant</a>	Grants of between \$500 and \$3,000 to help small business reopen safely.	16 Aug. 2020
<a href="#">Export assistance grants</a>	Up to \$10,000 for up to 1,000 eligible small or medium NSW export businesses that have experienced disruptions to freight channels or reductions in orders. Opening soon.	

## Northern Territory

Support	Description	Closes
<a href="#">Business hardship package</a>	A package of concessions including payroll tax waiver or deferral, council rates, utilities and rate concessions.	30 Sept. 2020

## Queensland

Support	Description	Closes
<a href="#">Adaption grant</a>	Funding of up to \$10,000 for regional micro and small businesses to adapt and sustain operations.	When allocation exhausted
<a href="#">Payroll tax relief</a>	Payroll tax deferrals for the 2020 calendar year.	31 Dec. 2020

## Tasmania

Support	Description	Closes
<a href="#">Small business sustainability</a>	Grants of up to \$5,000 for businesses with fewer than 20 employees to reopen and rebuild.	24 Aug. 2020

## South Australia

Support	Description	Closes
<a href="#">Support when employing apprentices</a>	A range of grants and support when you hire an apprentice – up to \$5,000 for hiring an apprentice, \$1,500 on equipment reimbursement, and up to \$5,200 off the Group Training Organisation charge out rate.	Generally 31 Aug. 2020

## Victoria

Support	Description	Closes
<a href="#">Business Support Fund</a>	One-off grant of \$10,000 for employers in metropolitan Melbourne and Mitchell Shire and \$5,000 in regional local government areas.	14 Sept. 2020
<a href="#">Regional Tourism Accommodation Support</a>	Up to \$225 per night up to a maximum of \$1,125 per bookable accommodation for cancelled bookings during stage 3 restrictions.	19 Aug. 2020
<a href="#">CBD Business Support Fund</a>	\$20m fund for CBD businesses. No details available as yet but register your interest.	
<a href="#">Night-time economy support</a>	\$30m fund for hospitality businesses. No details available as yet but register your interest.	
<a href="#">Payroll tax deferrals</a>	Businesses with payrolls up to \$10 million can defer their liabilities for the first half of the 2020-21 financial year.	
<a href="#">Payroll tax refunds</a>	Eligible businesses can claim an emergency tax relief refund of payroll tax already paid in the 2019-20 financial year.	

## Help for individuals

Services Australia has an online [payment guide](#) that guides you through the payments available if you are impacted by COVID-19 and what you might be able to access.

### Pandemic Leave Disaster Payment for Victoria

If you have to self-isolate or quarantine at home because of COVID-19 or are caring for someone who is, and cannot earn an income as a result, you might be eligible for a \$1,500 payment.

### Tightening of access to income support

From 25 September 2020, the assets test and the Liquid Assets Waiting Period (applies to those with assets such as cash savings worth over \$5,500 for singles or \$11,000 for singles with children and partnered people) will be reintroduced for access to income support payments.

In addition, partner income testing will resume from 25 September 2020, albeit with higher thresholds than those pre COVID-19. That is, you will not be eligible for income support if you are not earning an income but your partner earns \$3,086.11 per fortnight or \$80,238.89 per annum.

Job seeking requirements that were suspended from 24 March 2020 have been introduced from 9 June 2020. Some leniency has been provided for Victorians if you maintain contact with your employment service provider.

### Coronavirus supplement

The Coronavirus supplement will continue, albeit on a reduced rate of \$250 per fortnight (from \$550), from 25 September until 31 December 2020 for eligible individuals.

27 April to 24 Sept. 2020	\$550 per fortnight
25 Sept. to 31 Dec. 2020	\$250 per fortnight

### Early access to superannuation

Figures from the Australian Prudential Regulation Authority show that over \$30 billion has been taken from superannuation to date under hardship provisions. If you are an Australian citizen or permanent resident and New Zealand citizen, you can apply to release up to \$10,000 of your superannuation between 1 July 2020 and 31

December 2020 if you were made redundant, your working hours have been reduced by more than 20%, **and you have been adversely financially impacted by COVID-19**. If you are not in financial hardship you should not access your superannuation. The application process through myGov is a self-assessment process that you are responsible for. Penalties of up to \$12,000 may apply for providing false or misleading information.

Some financial institutions are reporting that early access to superannuation will be a factor taken into account for those seeking to apply for loans – lenders may interpret early access as meaning that you are unable to meet your commitments and are insolvent, and this is likely to impact on your credit worthiness.

## Your questions answered

**During lock down I have had to work from home. I've set up a full home office with paintings, plants, a desk, computer equipment, a water tower and a sculpture. I presume I can claim everything I have purchased for this office and claim part of my mortgage and running costs?**

In general, home office expenses are designed for those who run their business out of home. If you are merely working from home and not running a business at home, then it's unlikely you will be able to claim occupancy expenses such as mortgage interest or rent. Keep in mind that if you claim occupancy costs, this will impact on your access to the CGT main residence exemption.

The water cooler is unlikely to be deductible as food and drink is considered to be private in nature. The items that beautify your office will generally only be deductible if they are displayed in open viewing areas in premises used for income producing purposes including reception areas, waiting rooms and foyers.

If you are working from home and have set up a home office for this purpose, you can claim a deduction for your expenses based on the 80 cents per hour short cut method, the 52 cents per hour method (which excludes phone, internet, or the decline in value of equipment which are all claimed separately), or the actual method.

## COVID-19 and your SMSF

COVID-19 has had an impact on many SMSFs. We look at the key issues.



### Early release of superannuation

When a member of your fund wants to access up to \$10,000 of their superannuation early under the COVID-19 measures, there are some additional steps that trustees need to take. Trustees will need to ensure their deed allows for early release, the member has met the eligibility criteria for release, and ensure that no funds have been released until the release authority from the ATO has been received. This will be a 2019-20 audit area of focus.

### Tenant Rent Relief

Setting rent for a tenant that is less than market value in an SMSF is usually a breach of superannuation laws. If the rental relief is provided to a related party, then the situation can become trickier as the difference between the rent charged and the market value can amount to a loan and potentially put the fund in breach of the in-house asset rules.

However, to manage COVID-19 rent reductions for SMSF landlords, the ATO has stated that for the 2019-20 and 2020-21 financial years it will not take action where the rental relief is provided on arms-length terms. That is, the relief is in line with the National Cabinet Mandatory Code of Conduct for commercial leasing principles, has a set timeframe to it, and the reason for the relief and the relief provided is documented.

### Relief for related party loans

If your SMSF has a limited recourse borrowing arrangement in place with a related party, and that related party provides repayment relief, this would ordinarily be a breach of the superannuation rules. The ATO however will accept the relief if it is provided on reasonable terms similar to commercial banks (see the [Australian Banking Association's website](#) for comparison), the relief and the reasons for it is documented, and is for a set period of time.

### A fall in asset values

If the assets of your SMSF have fallen in value, you should consider whether the current asset allocation is consistent with the fund's investment strategy, and if the long-term goals of the fund continue to be met.

If you need to sell assets and make a capital loss, such as a loss on residential real estate, this loss can be offset against any capital gains. If the capital loss exceeds any gains, this loss can be carried forward and applied against future capital gains.

No deductions are available for unrealised gains (a fall in value for assets the fund continues to own).

### Minimum pension payments

For funds drawing a pension, minimum draw down rates for the 2019-20 and 2020-21 years has been halved.

Age	Default min. drawdown rates	2019-20 & 2020-21 reduced rates
Under 65	4%	2%
65-74	5%	2.5%
75-79	6%	3%
80-84	7%	3.5%
85-89	9%	4.5%
90-94	11%	5.5%
95 or more	14%	7%

If you have any queries please contact the team at Marsden Stantons on 08 9382 3244.