



Cash flow assistance for businesses

This assistance will support businesses to manage cash flow challenges and help businesses retain their employees. These two measures are designed to support employing small and medium enterprises and to improve business confidence. In addition, the wage subsidy for apprentices and trainees will help to ensure the continued development of the skilled workforce that employers need.

BOOSTING CASH FLOW FOR EMPLOYERS

Summary

The Boosting Cash Flow for Employers measure will provide up to \$25,000 back to 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.

Eligibility

Small and medium business entities with aggregated annual turnover under \$50 million and that employ workers will be eligible. Eligibility will generally be based on prior year turnover.

- The payment will be delivered by the Australian Taxation Office (ATO) as a credit in the activity statement system from 28 April 2020 upon businesses lodging eligible upcoming activity statements.
- Eligible businesses that withhold tax to the ATO on their 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.
- Eligible businesses that pay salary and wages will receive a minimum payment of \$2,000, even if they are not required to withhold tax.

This measure will benefit around 690,000 businesses employing around 7.8 million people.

Timing

The Boosting Cash Flow for Employers measure will be applied for a limited number of activity statement lodgments. The ATO will deliver the payment as a credit to the business upon lodgment of their activity statements. Where this places the business in a refund position, the ATO will deliver the refund within 14 days.

Type of lodger	Eligible period	Lodgment due date
Quarterly	Quarter 3 (January, February and March 2020)	28 April 2020
	Quarter 4 (April, May and June 2020)	28 July 2020
Monthly	March 2020	21 April 2020
	April 2020	21 May 2020
	May 2020	22 June 2020
	June 2020	21 July 2020

Quarterly lodgers will be eligible to receive the payment for the quarters ending March 2020 and June 2020.

Monthly lodgers will be eligible to receive the payment for the March 2020, April 2020, May 2020 and June 2020 lodgments. To provide a similar treatment to quarterly lodgers, the payment for monthly lodgers will be calculated at three times the rate (150 per cent) in the March 2020 activity statement.

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

The ATO offers a range of support services to small and medium businesses experiencing hardship – visit ato.gov.au to find out more.

Budget impact

This measure is estimated to cost \$6.7 billion over the forward estimates period.

Example

Sarah's Construction Business

Sarah owns and runs a building business in South Australia and employs 8 construction workers 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, Sarah reports withholding of \$15,008 for her employees on each Business Activity Statement (BAS).

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

- A payment of \$22,512 for the March period, equal to 150 per cent 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.

Sean's Hairdresser Salon

Sean owns a hairdresser's salon on the Gold Coast. He employs one apprentice who earns \$37,970 per year and two stylists who both earn \$44,260 per year. In the March and June 2020 quarterly BAS, Sean reports withholding of \$4,570 for his employees.

Under the Government's changes, Sean will be eligible to receive the payment on lodgment of his BAS.

Sean's business will receive:

- A payment of \$2,285 for the March quarter, equal to 50 per cent of his total withholding.
- A payment of \$2,285 for the June quarter, equal to 50 per cent of his total withholding.

Sean's business will receive a total payment of \$4,570.

Sean may also benefit from the assistance for existing apprentices and trainees measure.

Tim's Courier Run

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 and June 2020 quarterly BAS, Tim reports withholding of \$0 for his employees as they are under the tax-free threshold.

Under the Government's changes, Tim will be eligible to receive the payment on lodgment of his BAS.

Tim's 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 Tim 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

Summary

The Government is supporting small business to retain their apprentices and trainees. Eligible employers can apply for a wage subsidy of 50 per cent of the apprentice's or trainee's wage paid during the 9 months from 1 January 2020 to 30 September 2020. Where a small business is not able to retain an apprentice, the subsidy will be available to a new employer.

Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter).

Support will also be provided to the National Apprentice Employment Network, the peak national body representing Group Training Organisations, to co-ordinate the re-employment of displaced apprentices and trainees throughout their network of host employers across Australia.

Eligibility

The subsidy will be available to small businesses employing fewer than 20 full-time employees who retain an apprentice or trainee. The apprentice or trainee must have been in training with a small business as at 1 March 2020.

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

Employers will be able to access the subsidy after an eligibility assessment is undertaken by an Australian Apprenticeship Support Network (AASN) provider.

This measure will support up to 70,000 small businesses, employing around 117,000 apprentices.

Timing

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

Further information is available at:

- The Department of Education, Skills and Employment website at: www.dese.gov.au
- Australian Apprenticeships website at: www.australianapprenticeships.gov.au

For further information on how to apply for the subsidy, including information on eligibility, contact an Australian Apprenticeship Support Network (AASN) provider.

Budget impact

This measure is expected to cost \$1.3 billion across 2019-20 and 2020-21.

Example

David's Plumbing is a small business that employs 10 people, including two full-time Australian Apprentices.

Taylor is a first year Australian Apprentice, aged 20, undertaking a Certificate III qualification. She commenced her apprenticeship with David's Plumbing on 6 February 2020. Taylor receives a weekly wage of \$532.89.

Lisa is a third year Australian Apprentice, aged 29, undertaking a Certificate IV qualification. She commenced her apprenticeship with David's Plumbing on 18 November 2017. She receives a weekly wage of \$772.71.

David's Plumbing are eligible for *Supporting Apprentices and Trainees* which pays 50 per cent of the apprentices' wages that have been paid by David's Plumbing since 1 January 2020.

David's Plumbing 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 visit treasury.gov.au/coronavirus.

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