



COVID-19 measures: How your business might be affected

JobKeeper scheme

The JobKeeper scheme ended on 28 March 2021. Your business does not have to do anything, but it will need to complete the March monthly business declaration by 14 April 2021. The final payment will be processed in April.

Your business must keep all relevant records for five years in case the ATO decides to look at its JobKeeper claims in detail.

Don't forget that JobKeeper payments are assessable and should be included in your business' tax return as income.

If your business has employees and their wages were effectively subsidised by JobKeeper payments, the full wages are still deductible.

If your business decides voluntarily to repay any JobKeeper payments it did not actually need, it will only get a tax deduction if the repayment is appropriate to achieve, or directed at

achieving, the objectives of the business. According to the ATO, examples would include where a payment is made to:

- prevent reduction in business; or
- publicise and promote a business in the short-term.

Of course, as pointed out by the ATO, if your business deducts from the repayment the amount of tax paid on the payment, the tax outcome will be neutral.

If your business wishes to make a voluntary repayment, it should contact the ATO first as voluntary repayments cannot be made through usual ATO payment channels and require a special Payment Reference Number (PRN).

JobMaker hiring credit scheme

Don't overlook the JobMaker Hiring Credit scheme (JobMaker), under JobMaker, the Government may pay your business up to \$200 per week if it hires a new employee aged 16 to 29 and up to \$100 a week if it hires a new employee aged 30 to 35. The new employee must commence employment between 7 October 2020 and 6 October 2021.

Your business must register with the ATO by 30 April 2021 if it wants to make a claim for the first JobMaker period (1 February to 30 April 2021).

To qualify, the employee headcount and payroll must genuinely increase. Your business cannot claim JobMaker if it merely replaces an employee aged over 35 with one aged between 16 and 35.

To be eligible for JobMaker, you must:

- operate a business in Australia (not-for-profit organisations operating in Australia and certain deductible gift recipients (DGRs) are also eligible);
- hold an active ABN;
- be registered for PAYG withholding;
- satisfy the payroll increase and the headcount increase conditions – see below;
- not have claimed JobKeeper payments for a fortnight that started during the JobMaker period (see the table below for the JobMaker periods);
- be up to date with income tax and GST returns for the 2 years up to the end of the JobMaker period for which you are claiming (this requirement is adjusted for new businesses);
- be registered with the ATO for the scheme – see below; and
- satisfy reporting requirements, including up to date Single Touch Payroll (STP) reporting (see the table below).

JobMaker cannot be claimed for:

certain new employees, including:

- relatives, partners if your business is operated through a partnership;
- directors and shareholders if your business is operated through a company; and
- certain contractors and subcontractors your business engaged at any time between 6 April 2020 and 6 October 2020.

certain categories of employer are not eligible, for example:

- companies in liquidation or provisional liquidation,
- individuals who have entered bankruptcy,
- major banks and
- Australian government agencies.

Payroll and headcount conditions

You must employ one or more eligible additional employees, resulting in a genuine increase in both:

- your total employee headcount from 30 September 2020 (a different reference point applies for the last 4 JobMaker periods); and
- your payroll for the JobMaker period, compared to the 3 months up to 6 October 2020.

An individual is an “eligible additional employee” if they:

- were employed by you at any time during the JobMaker period;
- commenced employment between 7 October 2020 and 6 October 2021;
- were aged between 16 and 35 years at the time they commenced employment;
- worked or were paid for an average of 20 hours a week for each whole week they were employed by you during the JobMaker period; and
- received certain income support payments, e.g. JobSeeker or Parenting Payment, for at least 28 consecutive days (or 2 fortnights) within the 84 days (or 6 fortnights) before being hired.

Registration and claims

You must register before the end of the first JobMaker period you are claiming for (see the key dates below). For example, if you want to make a claim for the first JobMaker period (7 October 2020 to 6 January 2021), you must register by 30 April 2021.

You can claim JobMaker from 1 February 2021. You can only claim JobMaker for each additional eligible employee for up to 12 months from the time they commence employment.

You will need to provide certain information to the ATO about each additional eligible employee, including their full name, date of birth and tax file number. You will also need to provide certain information about your business, such as headcount and payroll expenses.

How much do you receive?

The amount of JobMaker you receive depends on the age of the eligible additional employee when they commence employment with you.

You may receive up to \$200 per week for each eligible additional employee aged 16 to 29 and up to \$100 per week for each eligible additional employee aged 30 to 35.

Key dates

Dates for JobMaker periods, STP reporting and claim periods			
Period	JobMaker period	STP reporting due date	Claim period
1	7 Oct 2020 – 6 Jan 2021	27 April 2021	1 Feb 2021 – 30 April 2021
2	7 Jan 2021 – 6 April 2021	28 July 2021	1 May 2021 – 31 July 2021
3	7 April 2021 – 6 July 2021	28 Oct 2021	1 Aug 2021 – 31 Oct 2021
4	7 July 2021 – 6 Oct 2021	28 Jan 2022	1 Nov 2021 – 31 Jan 2022
5	7 Oct 2021 – 6 Jan 2022	27 April 2022	1 Feb 2022 – 30 April 2022
6	7 Jan 2022 – 6 April 2022	28 July 2022	1 May 2022 – 31 July 2022
7	7 April 2022 – 6 July 2022	28 Oct 2022	1 Aug 2022 – 31 Oct 2022
8	7 July 2022 – 6 Oct 2022	28 Jan 2023	1 Nov 2022 – 31 Jan 2023

(Table from the [ATO website](#))

Integrity measures

You will not be eligible for JobMaker if you enter into an arrangement to artificially inflate your headcount or payroll, by terminating or reducing the hours of an existing employee in an attempt to access JobMaker or increase payments.

If you claim JobMaker, you will not be able to claim other Australian Government wage subsidies, such as the Supporting Apprentices and Trainees Wage subsidy and the Australian Apprentice Wage subsidy.

Tax consequences

All JobMaker payments are assessable as ordinary income. Salary and wages paid to employees that are subsidised by JobMaker continue to be deductible.

JobMaker is:

- not subject to GST; and
- does not need to be included in your business activity statements (BAS).

The JobMaker scheme is complicated. Contact us if you think your business may qualify for JobMaker or if your business is thinking of hiring one or more new employees.

Investment incentives

Two temporary measures have been introduced to encourage business investment:

- full expensing for the cost of new depreciating assets acquired from 7:30pm (AEDT) on 6 October 2020 (i.e. 2020–21 Budget night) and first used or installed by 30 June 2022 and
- an accelerated rate of depreciation for new depreciating assets first held on or after 12 March 2020 and first used or installed ready for use on or after 12 March 2020 and before 1 July 2021.

The law has been changed so that you can now choose not to apply full expensing or accelerated depreciation to particular depreciating assets. But once you make that choice, you are locked in (i.e. you cannot reverse it).

Stimulus vouchers: How to report this in your tax

Most States and Territories are providing assistance to help boost local economies affected by COVID-19. Many governments are doing this by issuing vouchers to eligible customers to pay towards purchases from eligible businesses for dining out, entertainment or accommodation.

If your business accepts stimulus vouchers from customers, you may be wondering how to deal with this for tax purposes.

When your business accepts a voucher, it needs to:

- treat the amount the voucher covers and the customer's payment as income;
- report GST on the total of payments received.

SME loan guarantee scheme

The Government has announced an extension of the SME Recovery Loan Scheme, as well as various changes to the Scheme. Phase 1 operated until 30 September 2020 and Phase 2 is due to end on 30 June 2021.

As a result of the changes, the Scheme will be open only to businesses (including self-employed individuals and non-profit businesses) with up to \$250 million turnover which received the JobKeeper payment between 4 January 2021 and 28 March 2021. Participating lenders will be offering guaranteed loans on the following terms:

- the Government guarantee will be 80% of the loan amount (up from 50%);
- lenders are allowed to offer borrowers a repayment holiday of up to 24 months (the time was previously unspecified);
- loans can be used for a broad range of business purposes, including to support investment (see below);

- borrowers can access up to \$5 million in total, in addition to the Phase 1 and Phase 2 loan limits;
- loans are for terms of up to 10 years (up from 5 years);
- loans can be either unsecured or secured (excluding residential property); and
- the interest rate on loans will be determined by lenders, but will be capped at around 7.5%, with some flexibility for interest rates on variable rate loans to increase if market interest rates rise over time (previously capped at 10%).

Lenders can offer any product suitable to the borrower – with the exception of credit cards, charge cards, debit cards or business cards. Loans issued under the Scheme may take any other form of credit, provided the Scheme’s eligibility criteria are met.

Loans will be available from 1 April 2021 and must be approved prior to 31 December 2021.

Loans backed by the Scheme will be available through participating commercial lenders. The decision on whether to extend credit, and management of the loan, will remain with the lender.

Eligible loan uses

Loans may be used to refinance any pre-existing debt of an eligible borrower, including those from Phase 1. Loans that are more than 30 days in arrears cannot be refinanced and borrowers who have entered external administration, or are insolvent, cannot refinance debts.

Loans can be used to purchase non-residential real property (such as commercial property) or for the acquisition of another business.

Loans issued under the Scheme can be used to refinance existing loans or for a broad range of businesses purposes (including to support investment) but cannot be used to purchase residential property or financial products and cannot be lent to an associated entity. Loans also cannot be used to lease, rent, hire or hire purchase existing assets that are more than half way into their effective life.

Victorian business support

Just before Christmas, the Federal Government declared that various COVID-19 related business grants provided by the Victorian Government are not taxable (technically, they are non-assessable non-exempt income). These are:

- Alpine Business Fund;
- Business Support Fund 3;
- Licensed Hospitality Venue Fund;
- Melbourne City Recovery Fund – Small business reactivation grants;
- Outdoor Eating and Entertainment Package; and
- Sole Trader Support Fund.



FBT issues

New FBT thresholds and rates for 2021–22

The ATO has released new thresholds and rates for the 2021–22 fringe benefits tax (FBT) year (the year commencing on 1 April this year):

- statutory or benchmark interest rate (e.g. for loan fringe benefits) – 4.52%; and
- record keeping exemption (also relevant for eligibility to use the base rate method to calculate FBT) – \$8,923.

The cents-per-kilometre rates (for where a motor vehicle other than a car is used privately) are:

- vehicles with an engine capacity of up to 2,500cc – 56 cents/km;
- vehicles with an engine capacity of over 2,500cc – 67 cents/km; and
- motorcycles – 17 cents/km.

The car parking threshold for 2021–22 will be announced once the relevant CPI figure is available.

Living-away-from-home allowances

The ATO has issued the weekly amounts of food and drink expenses incurred by employees receiving a living-away-from-home allowance (LAFHA) fringe benefit that it treats as being reasonable for the 2021–22 FBT year. These amounts may be relevant in working out the FBT payable on the LAFHA benefits.

The reasonable weekly amounts for employees in Australia are set out in the table below. See Taxation Determination [TD 2021/3](#) for the 2021–22 reasonable weekly amounts for employees outside Australia.

Amounts of reasonable food and drink – within Australia

	Per week \$
1 adult*	283
2 adults	425
3 adults	567
1 adult and 1 child	354
2 adults and 1 child	496
2 adults and 2 children	567
2 adults and 3 children	638
3 adults and 1 child	638
3 adults and 2 children	709
4 adults**	709

*An adult is a person who attained the age of 12 years before 1 April 2021.

** For larger family groupings, add \$142 for each additional adult and \$71 for each additional child.

If your business provides LAFHA fringe benefits to employees, talk to us if uncertain whether the food and drink expenses need to be substantiated, or if uncertain how to work out the amount of FBT that is payable.

FBT exemptions

If your business provides fringe benefits to employees, there are a number of FBT exemptions that are likely to be more significant during the COVID-19 pandemic.

Work laptop, other portable electronic device and tools of trade

Your business may have given or loaned certain eligible work-related items to employees to facilitate them working at home, or may have reimbursed them for expenditure they incurred on such items.

An eligible work-related item is exempt from FBT (including where the cost is reimbursed) if it is:

- primarily for use in the employee's employment; and

- not a duplicate of something with a substantially identical function that has already been provided to the employee in the FBT year (unless it is a replacement). There is an exception for small and medium businesses (see below).

An eligible work-related item is:

- a portable electronic device – e.g. a laptop, tablet, smart phone and calculator, but not a desktop computer;
- computer software;
- protective clothing;
- a briefcase; and
- a tool of trade.

A small business (aggregated annual turnover less than \$10 million) can provide multiple portable electronic devices to an employee and claim the exemption for each item, even where the items have substantially identical functions.

This exemption for multiple devices will be extended from 1 April 2021 to businesses that have an aggregated annual turnover of at least \$10 million but less than \$50 million.

General office equipment

If your business lends general office equipment (e.g. desks, chairs, cabinets, stationery and computer monitors) to employees during temporary working from home arrangements due to COVID-19, the relevant fringe benefit is exempt from FBT if:

- the equipment is ordinarily located on business premises; and
- is wholly or principally used directly in connection with business operations.

The ATO considers that office equipment that your business loans to an employee to support a working from home arrangement that will continue on a long-term basis is unlikely to be exempt.

However, a fringe benefit may be exempt if your business makes a “no-private-use declaration” that covers all office equipment loaned to employees to support their working from home arrangements where:

- the equipment is subject to a consistently enforced policy in relation to its use; and
- this use means the benefits would have a taxable value of nil.

The exemption is not lost just because there is some incidental use of the equipment outside of work hours while it is located at an employee's home.

Counselling and health care

Counselling services provided to support an employee's working from home arrangement may be exempt from FBT under the rules for work-related counselling. Similarly, health care

provided to an employee to support their working from home arrangement may also be exempt from FBT if it is the provision of work-related preventative health care.

Minor benefits

Where the taxable value of an item (or the amount reimbursed) is less than \$300 (including GST), the benefit will be exempt if it qualifies a minor benefit. This depends on the frequency and regularity with which similar or identical benefits are provided.

If you are uncertain whether any fringe benefits your business provides to employees are exempt, e.g. as a minor benefit, or how to calculate the taxable value of any benefits that are not exempt, talk to us. For example, the otherwise deductible rule may apply to reduce the taxable value of a fringe benefit.

FBT return

Don't forget that your business must lodge its FBT return for 2020–21, and pay any FBT liability, by 21 May 2021. This date may differ if the return is lodged through us (a tax agent).

The ATO may grant an extension of time to lodge and pay if your business is experiencing difficulties because of COVID-19 or floods.



Do you use trading stock for private purposes?

It is common for certain business owners (e.g. sole traders, individuals and partnerships, etc.) to use trading stock for private purposes. If you do this, you are treated as having sold it for its cost just before you use it and as having bought it back for the same amount.

Because it is difficult in many cases to keep accurate records of transactions involving goods taken from stock for private use, the ATO publishes each year standard values (excluding GST) that can be used by proprietors of certain businesses. The latest amounts (for the current tax year ending on 30 June 2021) were published in early January (in Taxation Determination [TD 2021/1](#)).

TYPE OF BUSINESS	AMOUNT (EXCLUDING GST) FOR ADULT/CHILD OVER 16 YEARS	AMOUNT (EXCLUDING GST) FOR CHILD 4 to 16 YEARS OLD
Bakery	\$1,350	\$675
Butcher	\$900	\$450
Restaurant/café (licensed)	\$4,640	\$1,810
Restaurant/café (unlicensed)	\$3,620	\$1,810
Caterer	\$3,830	\$1,915
Delicatessen	\$3,620	\$1,810
Fruiterer/greengrocer	\$930	\$465
Takeaway food shop	\$3,670	\$1,835
Mixed business (includes milk bar, general store and convenience store)	\$4,460	\$2,230

Do you operate your business through a company or trust?

It is fairly common for professionals, such as IT specialists, engineers and business consultants, to operate their business through a company or a trust. If you are in this position, you need to be aware of the rules that will treat the income earned by the company or trust from the provision of your own services (personal services income or PSI) as your personal income. These rules (the PSI rules) also deny a deduction for certain types of expenditure.

The ATO has issued a draft ruling (TR 2021/D2) providing general guidance on the operation of the rules. The draft ruling considers a number of issues including:

- the meaning of PSI and income that does not qualify as PSI;
- determining whose PSI it is;
- the effect of the PSI rules; and
- the various tests to determine if a PSB is being carried on (the results, unrelated clients, employment and business premises tests).

Even if the PSI rules do not apply where your services are hired out through a company or trust, the ATO points out that the general anti-avoidance rules may still apply to the arrangement.

The PSI rules (and the general anti-avoidance rules) are complicated. Talk to your tax adviser if you provide your services through a company or trust or are thinking of doing it.



From the ATO

Easier to pay your tax bill

The ATO has improved how your business can use and manage its credit or debit card details in Online services for business, making it easier to pay a tax or super bill.

The new payment features allow your business to:

- add and manage up to three credit or debit cards in its account profile;
- set up a payment plan with automatic direct debits from a card;
- make one-off payments using a card.

Online services for business offers a simplified process to make it easier to create a payment plan if your business owes less than \$100,000.

If you're worried your business will have difficulty paying on time, or are having trouble setting up a payment plan online, you can contact the ATO on 13 11 42 for help (or talk to your tax adviser).

Check your business' PAYG instalments

Now is a good time to check your business' pay as you go (PAYG) instalments still reflect its expected end of year tax liability.

If the business' circumstances have changed and you think it will pay too much (or too little) in instalments for the year, the instalments can be varied on the next activity statement.

Instalments can be varied multiple times throughout the year. The varied amount or rate will apply for the remaining instalments for the tax year or until another variation is made.

If your business is affected by COVID-19, the ATO has said it will not apply penalties or charge interest to varied instalments relating to the 2020–21 tax year. This applies when the business has made its best attempt to estimate its end of year tax liability.

If an amount or rate is varied online, paper activity statements and instalment notices will no longer be issued. These will be issued electronically. Your business will need to consider this when deciding how to lodge, revise and vary future activity statements and instalment amounts.

STP reporting: Changes from 1 July 2021

If your business has employees, it should be reporting through Single Touch Payroll (STP) unless it only employs closely held payees or is covered by a deferral or exemption.

There are some changes to STP reporting from 1 July 2021:

- small employers (less than 20 employees) with closely held payees must report their closely held payees through STP. You can choose to report these payees each pay day, monthly or quarterly;
- the STP quarterly reporting concessions for micro employers (less than 5 employees) will only be available to employers who meet certain eligibility requirements, including the need for exceptional circumstances to exist. Employers can apply for this concession through the online deferral tool from 1 July 2021.

A closely held payee is an individual directly related to the entity from which they receive payments, eg:

- family members of a family business;
- directors or shareholders of a company;
- beneficiaries of a trust.

Further changes will start on 1 January 2022. We will advise you of those nearer the date.

Talk to us if your business has employees and it has not started reporting through STP but does not have a deferral or exemption. It needs to start reporting now.

Bad debts

Your business may be able to claim a deduction for income that cannot be recovered from a customer or debtor. This unrecoverable income is known as a “bad debt”.

If your business accounts for assessable income on an *accruals basis*, an amount your business earns may be included in assessable income before payment is received (this cannot happen if your business accounts for assessable income on a *cash basis*). If your business determines there is no or little likelihood that an amount included in assessable income will be recovered from the debtor, that amount may be deductible as a bad debt.

To claim a deduction for the assessable income that cannot be recovered, your business needs to write off the unpaid amount as a bad debt (see below).

If your business subsequently recovers an amount that it wrote off as a bad debt and claimed as a tax deduction, the amount recovered must be included in its assessable income when it receives it.

Writing off a debt as bad is not the same as waiving or forgiving a debt. There are different tax consequences for debt forgiveness or waiver and there may also be tax consequences for the debtor.

How to write off a debt as bad

To claim a bad debt deduction for an amount included in your business' assessable income that has not been recovered, it must:

- include the income in a tax return (whether in the current tax year or an earlier year);
- determine the debt is bad - there must be a debt owing to your business and it must be genuinely bad (i.e. it is unlikely to be recovered through any reasonable and commercial attempts); and

- write off the debt - this means that your business must have made the decision to write off the debt and recorded that decision in writing before the end of the tax year in which deduction is claimed.

If your business is a company, it must also satisfy the continuity of ownership or continuity of business test, as appropriate.

GST consequences

If your business has made a taxable sale and has paid GST to the ATO for that sale, but it has not received the consideration, either in whole or in part, and the debt is written off as bad, your business can claim a decreasing adjustment for the bad debt.

Talk to us if your business is owed money – you may be able to claim a tax deduction.



Other matters to consider

Property sales

The ATO regularly receives data relating to the purchase and sale of properties from State and Territory revenue offices around Australia.

Where property transfers are made by businesses, they are potentially taxable, and the ATO matches this information against what has been reported on activity statements. If you sold property and did not include it in your activity statement, the ATO may contact you. You will

be asked to review your records and revise the relevant activity statement, without penalty, by a specified date.

Online sales – data-matching

The ATO will acquire data on Australian sales made through online selling platforms through to 2022–23. The collected data may include business names, ABNs, addresses (e.g. business, postal and email), contact details, account names, account registration information and the number and value of monthly and yearly sales transactions.

The ATO estimates the total number of account records obtained will be between 20,000 and 30,000 each financial year. It expects around half of the matched accounts will relate to individuals.

These records will be electronically matched with ATO data holdings to identify non-compliance with registration, lodgment, reporting and payment obligations under taxation laws.

Vehicle registrations – data-matching

The ATO will acquire motor vehicle registry data from State and Territory motor vehicle registry authorities through to 2021–22. The collected data may include identification details (e.g. names, addresses and ABNs) and transaction details (e.g. date and type of transaction, sale price of the vehicle and market value of the vehicle).

The ATO estimates that records relating to approximately 1.5 million individuals will be obtained each financial year.

The data will be acquired and matched to the ATO's internal data holdings to identify relevant cases for administrative action. For example, the data may be used to identify taxpayers buying, selling or acquiring motor vehicles who are at risk of not complying with their taxation obligations. That could be a licensed motor vehicle dealer who may not be complying with luxury car tax obligations or a business with little reported income buying a very expensive vehicle.

Don't forget that if you are contemplating buying a new car for your business (e.g. to take advantage of full expensing), your deduction cannot exceed the car limit (\$59,136 for 2020–21).

Buying a car for your business can have various tax implications, e.g. depreciation, GST and FBT. If you are contemplating buying a car, discuss the potential tax implications with us.

ATO prosecutions

The ATO has publicised a number of successful prosecutions for tax fraud, presumably to remind taxpayers that dishonesty does not pay.

In one case, a concreter from New South Wales was fined for making false and misleading statements.

The concreter originally lodged his 2017 income tax return via a tax agent, but he lodged an amendment via myGov four months later. In the amendment, he falsely claimed he had worked for a second employer, where he received wages and had tax withheld. He also reported additional amounts for work-related expenses and the cost of managing tax affairs.

The false claims would have given the concreter a \$7,974 refund, but an ATO audit revealed the truth.

He was fined \$2,000 and ordered to pay a further \$5,000 directly to the ATO. He was also placed on a 2-year good behaviour bond.

In another case, a Queensland bricklayer was sentenced to 2 years and 6 months in jail for evading nearly \$100,000 in tax.

Over the course of a year, the bricklayer reported sales of \$85,359 in his quarterly business activity statements (BAS). But an audit found he had actually received more than 4 times this amount, resulting in a GST shortfall of \$26,570.

Data from the taxable payments reporting scheme (TPRS) also showed that he had quoted the ABN of his bricklaying trust to a number of entities, despite telling ATO officers it was no longer trading.

In addition to this, the bricklayer understated income on his income tax return, which caused a tax shortfall of \$70,441.

Company tax rate

The tax rate for companies with an aggregated turnover under \$50 million will reduce from 26% to 25% from 1 July 2021. The tax rate for other companies will remain at 30%.

Employees now have more choice with super

Changes to the law mean new workplace determinations and enterprise agreements made on or after 1 January 2021 must offer employees the right to choose the super fund to which your business pays their compulsory super contributions.

Once a new determination or agreement is in place, your business will need to offer choice of super fund to:

- existing employees who request to choose their super fund;
- all new employees;

Employees can nominate their chosen fund by completing the standard choice form through ATO online services linked to their myGov account.

Alternatively, your business can give its employees a Superannuation standard choice form to complete. Your business must then pay the employee's compulsory super to their nominated fund.

If an employee doesn't nominate a fund, your business can continue to pay their super to the same fund it previously contributed to, or into the default fund.

Insolvency reforms

Important changes to Australia's insolvency laws commenced on 1 January 2021. The Assistant Treasurer has said that they are the most important changes to Australia's insolvency framework in 30 years.

The changes introduce a new, simplified debt restructuring process for eligible small businesses. The process allows financially distressed small businesses to access a single, streamlined process to restructure their debts, while allowing the owners to remain in control of their business. According to a Treasury fact sheet, this will support more small businesses to survive, meaning better outcomes for businesses, creditors, employees and the economy.

[Link to fact sheet](#)

Simplified debt restructuring process

To be eligible to access this new process, your company must:

- be incorporated under the Corporations Act (so the new rules do not apply to partnerships and sole traders);
- have total liabilities (excluding employee entitlements) that do not exceed \$1 million on the day the company enters the process;
- resolve that it is insolvent or likely to become insolvent at some future time and that a small business restructuring practitioner should be appointed; and
- appoint a small business restructuring practitioner to oversee the restructuring process, including working with you to develop your debt restructuring plan.

A list of restructuring practitioners that can undertake this work is available on ASIC's website.

The debt restructuring plan

The debt restructuring plan sets out how a company's creditors are to be repaid. For example, the plan could specify how creditors will be repaid as a proportion of the debt owing to them, or what "cents in the dollar" they will receive.

The company must put the debt restructuring plan to its creditors for a vote within 20 business days of entering the process (an extension of up to 10 business days may be allowed if reasonable). Once the plan is put to creditors, they have 15 business days to vote to accept or reject the plan.

A plan is accepted if more than 50% of the creditors by value that vote, vote to accept the plan. Once a plan is made, payments must be disbursed to a company's creditors in accordance with the terms set out in the plan.

All admissible debts and claims rank equally upon repayment of the plan. That means that all creditors are paid the same "cents in the dollar" and all are paid at the same time.

If the restructuring plan is not accepted, the restructuring process ends.

Giving you time

The Government recognises you may need some time to find a small business restructuring practitioner and has therefore extended the temporary insolvency relief (including relief from liability for trading while insolvent) for up to 3 months.

To access this relief, you can declare your intention to access the restructuring process by publishing the declaration on the published notices website from 1 January 2021. Your company's period of temporary restructuring relief begins on the day the declaration is published.

You also need to notify ASIC within 5 business days that you've made this declaration. The appropriate form is available on the ASIC website.

Staying in control

Once your company enters the restructuring process, it remains in control of the process and may undertake transactions that are in the ordinary course of business.

\$10,000 + cash transactions

Do you remember the Government's proposal to ban cash transactions in excess of \$10,000? It was contained in a Bill – the *Currency (Restrictions on the Use of Cash) Bill 2019*. The Bill had been passed by the House of Representatives, but it was stuck in the Senate.

The Bill would have made it a criminal offence for businesses to make or accept cash payments of \$10,000 or more. Fines would have applied up to 60 penalty units (300 penalty units for corporations), and 120 penalty units or a 2-year prison for offences involving a greater level of culpability. The measures would not have applied to consumer-to-consumer transactions.

Well it seems that the Government has decided to scrap the proposal, as the Bill has been discharged from the Senate Notice Paper. Of course, the measures could be re-introduced at a later date, but it is probably safe to assume this will not happen during the current Parliament.



Key tax dates

Date	Obligation
14 April 2021	March JobKeeper monthly business declaration due
21 April 2021	Lodge and pay March 2021 monthly BAS
28 April 2021	Lodge and pay March 2021 quarterly BAS Pay March 2021 quarterly instalment notice Employee super guarantee contributions due
11 May 2021	2021-22 Federal Budget
21 May 2021	Lodge and pay April 2021 monthly BAS Lodge and pay annual FBT return (if your business lodges one)
28 May 2021	Lodge and pay March 2021 quarterly SGC (if required)
28 June 2021	Lodge and pay May 2021 monthly BAS
28 July 2021	Lodge and pay June 2021 quarterly BAS Lodge and pay June 2021 monthly BAS Pay June 2021 quarterly instalment notice Employee super guarantee contributions due

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