

End of Financial Year Taxation Guide


It is no secret how great of an impact Covid-19 has brought to the global economy. It did not only change the structure of businesses but also forced industries to make the necessary changes. As a result, the Australian government through the Australian Taxation Office (ATO) was quick to introduce a taxation guide that shall help the businesses in this trying time.

The tax minimisation measures that shall be observed in the End of Financial Year include:

- tax-free withdrawals from superannuation funds'
- tax-free payments made to certain employers for businesses and nonprofits'
- tax depreciation write-off rules are significantly expanded with an increased instant asset write-off for immediate deductions of certain asset purchases and a 50% accelerated depreciation deduction in addition to the existing depreciation deduction for certain eligible asset purchases;
- subject to certain conditions, cash-flow boosts will be automatically credited for those employers who filed their 2018-19 income tax return of activity statement prior to 12 March 2020;
- businesses can claim an immediate deduction for multiple assets, new or second-hand, provided each asset costs less than AU\$150,000;
- "backing business investment" initiative allows eligible businesses to accelerate their depreciation deductions on the purchase of certain new depreciating assets.

Aid to Businesses and Not-For-Profits

Due to the severe impacts of Covid-19, the federal government is now allowing affected individuals to access up to \$10,000 of their superannuation fund savings in 2019-2020 and another \$10,000 in 2020-2021 without needing to pay tax on amounts released. The money they withdraw will also not affect Centrelink or Veterans' Affairs payments



Included in the measure is an initiative that was launched to support small and medium businesses and nonprofits during the economic decline. The temporary Boosting Cash Flow initiative for Employers allows eligible businesses and NFP organisations who employ staff to 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 Government has also taken steps to accelerate business investment such as expanding tax depreciation write-off rules. A key measure that was included in the package is an increase in the instant asset write-off whereby eligible businesses will be able to immediately deduct purchases of eligible assets costing less than \$150,000. In addition, a business investment incentive was also set in motion that will allow a 50 % accelerated depreciation deduction along with the already existing depreciation deduction.

A loss carry back regime was also announced that will support businesses at the same time encourage new investment. It interacts with the government's JobMaker Plan that will allow new investment to generate tax losses which can then be carried back to generate a refundable tax offset for eligible businesses.

Payroll Assistance

To help relieve the cashflow strain, major cities from all over Australia have announced the deferral in payroll tax with stipulations varying for small-to-medium and large businesses.


Each state has different timing and requirements that are discussed in detail by the ATO in their official website.

Administrative Relief Measures

The ATO also released measures to help those who are in need of filing deadline extensions. The measures work toward assisting affected businesses to help them pay their existing and ongoing tax liabilities:

Deferral of the payment date by up to six months once your application is accepted shall take effect for amounts due through the business activity statement (including (PAYG) installments), income tax assessments, fringe benefits tax assessments and excise.

Businesses that are on a quarterly reporting cycle will be authorized to settle on monthly goods and services tax (GST) reporting instead. It will allow them to promptly obtain access to GST refunds they might be entitled to.



It is also included in the measure to remit any interest and penalties that have been applied to tax liabilities as long as it was incurred on or after January 23, 2020.

Stay Informed

These conditions are only some, not even half, of what is supposed to be noted if you are a business owner. If you are still planning to start your own, then it might just keep getting harder. Starting a business is tough and navigating through all the technicalities of financial planning is already complicated before the pandemic and has been more challenging throughout.

At Forward360, we will provide you with the help you need. Our financial advisors will help you in understanding the scheme, rewards, risks, and constant changes in the business sector especially amidst pandemic. We will assist you in making decisions that will lead your business in the right direction. Let us start the journey on reaching your financial goals, please contact our friendly customer support team today.

