

KEY INITIATIVES FOR RESTAURANTS, CAFES AND CATERERS

Personal Tax Cuts

- In this Budget, the Government is delivering an additional \$17.8 billion in personal income tax relief to support the economic recovery, including an additional \$12.5 billion over the next 12 months. In 2020–21, low and middle income earners will receive tax relief of up to \$2,745 for singles, and up to \$5,490 for dual income families.

Temporary Full Expensing

- The Government is providing a temporary tax incentive to support new investment and deliver significant cash flow benefits to businesses. It will be available to around 3.5 million businesses (over 99 per cent of businesses) that employ around 11.5 million workers. The incentive will apply to around \$200 billion worth of investment, including 80 per cent of investment in depreciable assets by non-mining businesses.
- From 6 October 2020 until 30 June 2022, businesses with turnover up to \$5 billion will be able to deduct the full cost of eligible depreciable assets of any value in the year they are first used or installed ready for use. The cost of improvements made during this period to existing eligible depreciable assets can also be fully deducted.
- Eligible businesses that acquire eligible new or second-hand assets under the enhanced \$150,000 instant asset write-off by 31 December 2020 will also have an extra six months, until 30 June 2021, to first use or install those assets.

Temporary Loss Carry Backs

- The Government will also allow companies with turnover up to \$5 billion to offset tax losses against previous profits on which tax has been paid to generate a refund. Loss carry-back will be available to around 1 million companies that employ up to 8.8 million workers.
- Losses incurred in 2019–20, 2020–21 and/or 2021–22 can be carried back against profits made in or after 2018–19. Eligible companies may elect to receive a tax refund when they lodge their 2020–21 and 2021–22 tax returns.
- This measure will help companies that were profitable and tax-paying but now find themselves in a loss position due to the COVID-19 pandemic. By

allowing them to access their losses earlier, by way of a cash refund, it will provide a needed cash flow boost to keep their business running, retain their workers and invest with confidence in the future. Loss carry-back will also promote investment by encouraging more businesses to take advantage of full expensing while it is available.

- Losses incurred to June 2022 can be offset against prior profits made in or after the 2018-19 financial year.

Greater Access to Small Business Tax Concessions

- The Government is expanding access to a range of small business tax concessions for small to medium businesses by lifting the aggregated annual turnover threshold from \$10 million to \$50 million, providing tax relief and reducing red tape for businesses.

Eligible businesses will access up to ten concessions for the first time, including:

From
01 July 2020

- immediate deductions for eligible start-up expenses
- immediate deductions for eligible prepaid expenditure

From
01 April 2021

- exemption from the 47 per cent fringe benefits tax on car parking provided to employees
- exemption from the 47 per cent fringe benefits tax on multiple work-related portable electronic devices (e.g. phones or laptops) provided to employees

From
01 July 2021

- simplified trading stock rules
- remit pay as you go instalments based on GDP adjusted notional tax
- settle excise duty monthly on eligible goods
- settle excise-equivalent customs duty monthly on eligible goods
- two-year amendment period for income tax assessments for income years starting from this date
- the Commissioner of Taxation will have the power to create a simplified accounting method determination for GST purposes for these businesses

JobMaker Hiring Credit

- The \$4 billion JobMaker Hiring Credit will be payable for up to 12 months for each new job and is available from tomorrow to employers who hire eligible employees aged 16-35.
- The Hiring Credit will be paid quarterly in arrears at the rate of \$200 per week for those aged between 16-29, and \$100 per week for those aged between 30-35. Eligible employees are required to work a minimum of 20 hours per week.
- An example of possible savings to employers is below:

Normal cost to employer for 20hrs worked for a Level 2, Food & Bev Attendant	Nett cost to employer under JobMaker Credit	Percentage of Wages as Subsidy
\$10.41 (16 years old) = \$208.20	\$8.20	96.06%
\$14.58 (18 year old) = \$291.60	\$91.60	68.59%
\$20.82 (21 year old) = \$416.40	\$216.40	48.03%

Apprentice Wage Subsidy

- The Government will introduce a new 50 per cent wage subsidy for all businesses that take on new apprentices over the period 5 October 2020 to 30 September 2021. The \$1.2 billion Boosting Apprenticeship Commencements wage subsidy funding 100,000 new apprentices.
- The subsidy will be capped at \$7,000 per quarter for gross wages for new apprentices and trainees. This measure is in addition to financial support already provided.

Small Business Support

- \$19.2 million to encourage and support small businesses to digitise. This will give more small businesses access to expert, independent and tailored advice to help them make the most of the digital economy and take up emerging opportunities in the COVID-19 business environment.
- \$7.0 million to help provide business and mental health support for small business owners who are under increased financial and emotional pressure during the COVID-19 pandemic.

New Insolvency Process

- The Government is embarking on the biggest reforms to Australia's corporate insolvency system in nearly 30 years.
- The goal is to ensure our insolvency framework meets the needs of Australian small businesses, their creditors and their employees.
- A new, quicker and lower-cost process will be introduced to allow small businesses to restructure their debts, while they stay in control of their company.
- For small businesses that unfortunately cannot survive, there will be a new, quicker and lower-cost simplified liquidation process. This will help these businesses wind up more quickly and cheaply and allow greater returns for creditors and employees.
- Both new processes will commence on 1 January 2021.
- They will be available to incorporated businesses with liabilities of less than \$1 million.

Tourism & Business Events

- Tourism Australia will receive \$231.6 million for 2020-21 to ramp up domestic marketing activities to encourage Australians to travel again, and ensure they are well placed to aggressively execute new campaigns to again attract international visitors when overseas travel is back on the agenda.
- The Budget also provides an additional \$51 million through the Regional Tourism Recovery initiative to assist tourism regions that are highly reliant on international travellers to pivot to the domestic market by adapting their products, experiences and marketing strategies.
- A new \$50 million business events grants program to restart business events by encouraging businesses to attend events, conferences and trade exhibitions.