



**COVID-19 Stimulus
Measures for
Barristers Chambers**



This document provides information to Barristers Chambers on Federal and State Government stimulus packages in response to the COVID-19 pandemic and how they may apply to Barristers Chambers generally. This document is for information purposes only and should not be taken as advice. Barristers Chambers should confer with their accountant for specific advice.

Federal Stimulus Measures

JobKeeper Payments

The JobKeeper program provides Federal funding to employees, which is paid to them through their employer (if the employer meets certain criteria). It is unlikely that Barristers Chambers, as an employing entity, would satisfy the criteria to qualify its employees to access JobKeeper Payments.

Under the subsidy the Government will provide \$1,500 (gross pay) per fortnight per eligible employee for a maximum period of up to 6 months.

As currently stated, employees are only eligible for the JobKeeper payment if their employer can self-assess that their revenue has decreased by at least 30% since 1 March 2020. Barristers Chambers are typically structured as pass-through entities which are unlikely to have suffered the deterioration in revenue that would qualify them for the scheme.

If the Chambers does meet that criteria, the current employee eligibility is as follows:

- Currently employed by the eligible employer (including those stood down or rehired) and were employed as at 1 March 2020.
- Employed as full time, part time or long-term casual (a long term casual is a casual employee that has been employed by the employer for more than 12 months).
- Are an Australian citizen, holder of a permanent visa and a non-protected special category visa holder residing continually in Australia for 10 years or more.
- Not in receipt of JobKeeper program from another employer

Other Chambers staff that are employed by barristers directly, such as a secretary, paralegal or research assistant, may qualify for the JobKeeper payments if their employer barrister has experienced the decline in revenue set out above.

Boosting Cash Flow for Employers

Tranche 1 PAYG withholding (PAYGW) cash boost

The government initially announced a cash boost equivalent to 50% of PAYGW on employee wages, effective from the March Business Activity Statement (BAS) lodgement, to the end of the financial year. The government has increased this to be equivalent to 100% of PAYGW paid for the same period with a cap of \$50,000. The minimum payment for any employer is \$10,000. For example, if a Barristers Chambers withheld \$35,000 in PAYGW for the quarter ending 31 March 2020 (PAYGW for Jan, Feb, Mar declared on the quarterly BAS), it will receive a \$35,000 credit from the ATO. If the Chambers pays another \$35,000 in the quarter ending 30 June 2020, it will receive another \$15,000 to take it up to the cap of \$50,000.

Note, Monthly lodgers will receive a credit that is calculated at three times the rate (300%) in the March 2020 activity statement to align with quarterly lodgers. From then on they will receive the

same 100% credit on the April, May & June IAS/BAS.

Tranche 2 PAYGW cash boost

The government has made a second PAYGW cash boost available from July - September. If a Barristers Chambers is still an employer from July - September, then it will receive another cash boost in multiple instalments. For monthly lodgers, 25% of the total received at Tranche 1, in 4 instalments. For Quarterly lodgers, 50% of the Tranche 1 total in 2 instalments. The cap for this period is also \$50,000.

Barristers Chambers do not need to apply for this. The ATO will automatically apply the credit to the Chambers' Business Activity Statement Account when it lodges its BAS or IAS.

The cash flow boosts will be applied to reduce liabilities arising from the same activity statement. This will result in eligible entities being required to pay less to the ATO. Generally where a credit exceeds a business' other tax liabilities, the business will be refunded the excess amount.

Supporting Apprentices & Trainees

If a Barristers Chambers has an apprentice or trainee on staff, it may be eligible for a 50% subsidy on apprentice wages paid from 1 Jan - 30 Sep 2020.

To be eligible for this, the Chambers can employ no more than 20 full time staff including apprentices/trainees.

Employers will receive a subsidy of 50% of trainee wages, capped at \$7,000 per trainee per quarter. This means if a Chambers is paying its apprentice \$10,000 per quarter, it will receive back \$5,000 for the March quarter, \$5,000 for the June quarter and \$5,000 for the September quarter from the government.

To access this benefit it will need to register with the employee's accredited Apprentice/Trainee provider.

Instant Asset Write-Off Extension

The instant asset write off threshold has increased from \$30,000 to \$150,000. This means any assets purchased in this financial year to the value of \$150,000 will now be immediately deductible.

ATO Assistance

The ATO will be providing temporary assistance which includes:

1. Deferring by up to 4 months the payment date of any amounts due.
2. Allowing businesses to vary PAYG Instalments to \$0 and claim a credit for prior quarters.
3. Remitting interest and penalties incurred on or after 23 January 2020.
4. Offering low interest payment plans for affected businesses.

State Measures

The NSW government has announced several measures. Except for the Small Business Support Grant, they mostly revolve around Payroll Tax concessions which do not apply to Barristers

Chambers (unless they are above the threshold that requires payroll tax to be paid, which is unlikely).

Small Business Support Grant

Grants of up to \$10,000 will be available to NSW small businesses impacted by the public health orders to restrict social gathering and movement to cover unavoidable costs such as utilities, overheads, legal costs and financial advice.

It is unclear if Barristers Chambers will be eligible for this grant. Applications for grants will open on the Service NSW website on 17 April 2020, but presently, eligible businesses must:

- Have between 1 and 19 employees and a turnover of more than \$75,000
- Payroll below \$900,000 (the NSW Government 2019-20 payroll tax threshold)
- Have an ABN as at 1 March 2020, be based in NSW and employ staff as at 1 March 2020
- Be highly impacted by the Public Health (COVID-19 Restrictions on Gathering and Movement) Order 2020 issued on 30 March 2020.
- Highly impacted industries include:
 - Retail trade
 - Accommodation and food services
 - Rental, hiring and real estate services
 - Administrative and support services
 - Arts and recreation services.
- Use the funding for unavoidable business costs.

Prepared by



interactiveaccounting

Interactive Accounting Pty Ltd.

ABN 80 135 273 791

Suite 1, Level 18
227 Elizabeth Street
Sydney NSW 2000

Suite G06
175 Sturt Street
Southbank VIC 3006

PO Box A1257,
Sydney South NSW 1235

Ph: 1300 102 606

www.interactiveaccounting.com.au



interactiveaccounting