

Tax Planning for 2021

It is that time of year again to start thinking about a year-to-date review of your business's financial performance.

There is nothing more frustrating than an unexpected tax liability!

To avoid this potential problem, we recommend that you undertake a planning process with us before the end of June.

Planning will alert you to what your potential income tax situation is for the 2020/21 year and what options you have in relation to managing that potential tax liability.

To start the ball rolling, contact us in the next month to ensure we can finalise your plan before the end of June.

Fuel Tax Credit rate increase from 1 February 2021

The ATO have announced an increase to the Fuel Tax Credit (FTC) rates from 1 February 2021.

Type of fuel	Rate for fuel acquired from 1 Feb – cents
Fuel used on the road (in heavy vehicle greater than 4.5 tonnes)	16.9
Fuel used for all other activities	42.7

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Instant tax write-off for full cost of eligible assets purchased!

Eligible businesses with an aggregated turnover under **\$5 billion** can now immediately deduct the business portion of all **NEW assets purchased** (not second-hand) from 6th October 2020 up until 30th June 2022.

For **small and medium sized businesses** with an aggregated turnover under \$50 million, full expensing also applies to eligible **second-hand assets purchased**.

The existing \$150,000 instant asset write-off incentive has been **extended for 6 months to 30 June 2021** for all businesses that do not meet the above turnover tests and is available for **new & second-hand assets** first used or installed ready for use before that date.

The deduction is claimed through the income tax return in the year the asset was purchased.



Small business pool write-off for entire balance!

Small businesses (with aggregated turnover under \$10 million) can deduct the entire balance of their small business pool at the end of the 2020/21 & 2021/22 income years under the Federal Budget announcements. We will attend to this when we prepare your ITR.

Victorian Government Circuit Breaker Action Business Support Package

The Victorian Government has recently announced a \$143 million package to support eligible businesses impacted by the circuit breaker action enforced in February. The package is expected to help more than 50,000 Victorian businesses and includes three initiatives to support small businesses, including sole traders.

Business Costs Assistance Program

Offers grants of \$2,000 for eligible businesses and sole traders in the most impacted sectors such as hospitality, tourism and event services. **Applications are open now and will close Tuesday 16 March 2021.**

Eligibility:

- be located within Victoria
- be registered as operating in an eligible industry sector identified in the list of Eligible ANZSIC classes
- have incurred costs as a direct result of the circuit breaker action announced on 12 February 2021
- have an annual payroll of up to \$3 million in 2019-20
- be registered for GST on 12 February 2021
- hold an active ABN on or before 12 February 2021

Note on evidence of eligibility:

- Employing businesses will need to provide their WorkCover Employer Number linked to the business
- Non-employing businesses such as sole traders need to provide an eligible proof of identity document.

Apply via this link:

<https://www.business.vic.gov.au/support-for-your-business/grants-and-assistance/circuit-breaker-action-business-support-package/business-costs-assistance-program>



Victorian Accommodation Support Program

Will assist accommodation providers that had bookings cancelled between Friday 12 February and Wednesday 17 February due to the circuit breaker action. Applications are not yet open for this grant.

Register your interest via this link:

<https://www.business.vic.gov.au/support-for-your-business/grants-and-assistance/circuit-breaker-action-business-support-package/victorian-accommodation-support-program>

Licensed Hospitality Venue Fund

Will give previously eligible recipients of this grant a \$3,000 one-off, per premises payment. No application needs to be lodged; this payment will happen automatically.

IMPORTANT – THE AMOUNT TO BE PAID OUT IS LIMITED TO THE \$143 MILLION – IT IS A FIRST IN GETS PAID SYSTEM – ONCE \$143M SPENT THERE WILL BE NO MORE!

If you wish us to apply for the grant FOR YOU please call us ASAP!



JobMaker Hiring Credit scheme

If you are an employer and have recently hired a new employee, you may be entitled to financial compensation through the JobMaker Hiring Credit scheme. The scheme allows eligible employers to receive a credit of between \$100 - \$200 per week dependant on several criteria being met. Please read the following below to check if you may be eligible:

- Hold an ABN and are registered for PAYG withholding tax, and
- Have employed a new employee after 7th October 2020, and
- Employee is aged between 16-35 years old, and
- Employee was receiving JobSeeker, Parenting payment or Youth Allowance for at least one month within the 3-month period prior to being employed by you, and
- Employee working at least 20 hours per week, and
- Your business is not receiving the JobKeeper subsidy after October 7th, 2020, and
- You satisfy the payroll increase and the headcount increase conditions*

If you meet the above criteria, please get in touch with us to discuss registration for the scheme.

* You will not be eligible, or you will be disqualified, 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 or increase payments under the JobMaker Hiring Credits scheme.

JobSeeker payment rate increases permanently

Previously known as Newstart Allowance, the baseline JobSeeker payment rate has recently increased to provide further financial assistance to those who are seeking employment. The Australian Government announced a permanent increase of **\$25 per week** to the payment, increasing it to **\$307 per week**. This payment rate will come into place following the cessation of the current Coronavirus supplement payment on 31st March 2021.



Consumer Price Index (CPI) – Key statistics December quarter 2020

- CPI rose 0.9% this quarter, compared to a rise of 1.6% in the September 2020 quarter.
- CPI rose 0.9% over the twelve months to the December 2020 quarter, compared to a rise of 0.7% over the twelve months to the September 2020 quarter.

Overview of CPI movements

- The most significant price rises this quarter are tobacco (10.9%), domestic holiday travel (+6.3%) & preschool & primary education (+5.4%),
- The most significant price falls this quarter are electricity (-7.5%), vegetables (-6.0%) and women's garments (-5.4%).



Does your business have a COVIDsafe plan?

It is a requirement for all Victorian businesses to have a current COVIDsafe plan.

Random spot checks are occurring in Metropolitan Melbourne and Regional Victoria.

Your COVIDsafe Plan must demonstrate:

- your actions to help prevent the introduction of coronavirus (COVID-19) to your workplace,
- the type of face mask or personal protective equipment (PPE) required for your workforce,
- how you will prepare for, and respond to, a suspected or confirmed case of coronavirus (COVID-19) in your workplace, and
- how you will meet all the requirements set out by the Victorian Government.

Some higher-risk industries or workplaces have additional requirements of employers and employees.

If you require assistance in creating your workplace COVIDsafe plan, visit the following website for more information:

<https://www.coronavirus.vic.gov.au/COVIDsafe-plan>



JobKeeper subsidy ending soon!

If you are still receiving the JobKeeper subsidy, you will continue to receive this until the scheme finishes on 28th March 2021.

WHERE TO FIND US

170 Johnson Street Maffra Victoria 3860
PO Box 251 Maffra Victoria 3860
Phone: (03) 5147 1525 | Fax: (03) 5147 3211
www.adamsaccounting.com.au