

REVISED COVID-19 ASSISTANCE – OPERATING THROUGH TRUSTS DEDUCTIONS AVAILABLE FOR WORKING FROM HOME SUPERANNUATION GUARANTEE AMNESTY

Hope you and your families are keeping well in these trying times. Please reach out to us if you need help understanding any of the assistance measures that the government has put in place. We have received queries on various items and would like to cover the above items in this update.

CASH FLOW ASSISTANCE TO PEOPLE OPERATING THROUGH TRUSTS

In the economic assistance packages announced, it was not clear how small family owned businesses who operate through trusts, and have minimal or no employees, would be able to access benefits. We sought clarity from the ATO and received a reply on the 7th April 2020 clarifying the situation.

1. Business owners operating through trusts who have no employees and are drawing income as distributions will not be eligible for what is called “boosting cash flow for employers” package. The ATO have published integrity measures and have stated that any change in the characterisation of payments will be penalised as a scheme for the purpose of becoming entitled to the cash flow boost when it would otherwise not be entitled.
2. If you have employees, you will be entitled to the “boosting cash flow for employers” and the business tax account will be credited with the amount of PAYG deducted from employees.

Business owners operating through trusts will however be eligible for the JobKeeper Package if the business turnover has dropped by more than 30% compared to the previous year. Only one trustee/business owner can claim the JobKeeper Package of \$1,500 per fortnight.

DEDUCTIONS AVAILABLE FOR WORKING FROM HOME

Due to COVID-19 many businesses have asked their staff to work from home. You are therefore entitled to claim certain deductions when it comes to preparing your personal income tax return. The ATO covers this in their publication <https://www.ato.gov.au/General/COVID-19/Support-for-individuals-and-employees/Employees-working-from-home/>.

As it is a temporary move, the ATO have introduced a shortcut method during COVID-19. They will allow you to claim 80cents per hour for your home expenses. This covers all your expenses including internet, phone, depreciation on furniture etc. All you need to keep is a timesheet of the hours you spent. We suggest a spreadsheet with the date and the number of hours against each day will suffice.

Should you wish to claim your expenses separately then you use the normal ATO rate of 52 cents per hour and in addition claim the use of expenses incurred. Keep a record of the number of hours you worked from home, multiply this by 52 cents per hour and that gives you what you can claim for home use in your tax return. Pretty simple.

In addition you can claim the use of your phone and internet. If the cost is less than \$50 you can use the ATO calculation as follows:-

“If your work use is incidental and you are not claiming a deduction of more than \$50 in total, you may make a claim based on the following, without having to analyse your bills. The rates you can use to work out the cost for your work calls are:

- 25 cents for calls made from your landline
- 75 cents for calls made from your mobile
- 10 cents for text messages sent from your mobile.”

If you are going to claim more than \$50 you need to keep a record of your bills and calculate your deduction per the ATO recommended method:-

“If you have a phone or internet plan where you received an itemised bill, you need to determine your percentage of work use over a four-week representative period. You can then apply this to the full year.

You need to work out the percentage using a reasonable basis. This could include:

- the number of work calls made as a percentage of total calls
- the amount of time spent on work calls as a percentage of your total calls
- the time you spent, or data used for work purposes compared to your private usage and that of all members of your household.

If you have a bundled plan, you need to:

- apportion the cost of the plan between the services provided
- identify your work use for each service over a four-week representative period during the income year, which can then be applied to the whole year.

The same method should be used for non-itemised plans.”

The cost of any materials you purchase for work purposes such as stationery, computer accessories etc. can also be claimed. You are required to keep copies of all the receipts for these items.

SUPERANNUATION GUARANTEE AMNESTY

This has nothing to do with COVID-19, but we thought we would remind clients who may have overlooked the payment of their employees’ superannuation guarantee amount to their respective superannuation fund, that there is an amnesty in place till 7th September 2020. This is in respect of employers’ super “errors” prior to 31st March 2018. You will not incur administrative charges and penalties which can be up to 200% of the super payable. Interest will still be applicable.

Keep safe.

From all of us at **TEAMWORK ACCOUNTING**