

Issue – June 2020

Accessing the Second Cashflow Boost

While the Boost payment(s) have been welcomed by businesses affected by the COVID-19 pandemic, it has caused at least some of them a little confusion. Let's look briefly at how the second Cashflow Boost will work.

Where has the year gone? In no time at all, we are close to lodging June 2020 BAS which will include the finalisation of the first Cashflow Boost and the beginning of the second Cashflow Boost, which will be paid in equal instalments from June - September 2020, of up to \$50,000.

A quick refresh on the Cashflow Boost:

- *It is based on the PAYG withholding a business reported on its March BAS, April Instalment Activity Statement (IAS), May IAS and June BAS.*
- *The minimum payment for each of the Boosts is \$10,000 (total \$20,000) and the maximum payment for each of the boosts is \$50,000 (total \$100,000).*
- *The second Boost is calculated based on the total of the first.*
- *The Cashflow Boost is tax-free.*

How Will It Work?

If a business received the first Cashflow Boost, it will automatically receive the second when it lodges its activity statements for each month/quarter from June - September 2020. If the business lodges monthly, then the Boost will be delivered in 4 instalments. If lodging quarterly, then the boost will be delivered in 2 instalments.

Quarterly lodger – the business will receive 50% of the second Boost in the June 2020 quarter and 50% of the second Boost in the September 2020 quarter.

Monthly lodger – the business will receive 25% of the second Boost in each of the following months in 2020: June, July, August and September.

The confusing part of the calculation is that businesses might receive the final part of their first Boost in the June 2020 quarter after lodging their June quarterly statement and then also receive the first payment of their second Boost in this quarter.

Example 1

ABC Pty Ltd received the minimum first payment of \$10,000 and lodges its BAS quarterly. ABC Pty Ltd will receive \$5,000 for quarter ending June 2020 and \$5,000 for quarter ending September 2020.

Example 2

DCE Pty Ltd received the maximum first payment of \$50,000 and lodges its BAS/IAS monthly. DCE Pty Ltd will receive \$12,500 for month ending June 2020, \$12,500 for month ending July 2020, \$12,500 for month ending August 2020 and \$12,500 for month ending September 2020.

As the Cashflow Boost is tax-free, there is no tax to be paid on these amounts in the entity that receives them.

However, if the entity is a trust or a company, then there may be tax consequences for the recipient when the amount is distributed or paid via dividend.

The Cashflow Boost does not include GST and is not included in turnover calculations for JobKeeper purposes.

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