

# Boosting cash flow for employers

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Temporary cash flow boosts will support small and medium businesses and not-for-profit organisations during the economic downturn associated with COVID-19.

Eligible businesses and not-for-profit (NFP) organisations who employ staff will receive between \$20,000 to \$100,000 in cash flow boost amounts by lodging their activity statements up to the month or quarter of September 2020.

The cash flow boosts will be delivered as credits in the activity statement system. They will generally be equivalent to the amount withheld from wages paid to employees for each monthly or quarterly period from March to June 2020. In practice, this means you keep the amounts you have withheld from payments for these periods. However, there are some [exceptions](#) ([?anchor=Exceptions#Exceptions](#)).

An additional cash flow boost is applied when you lodge activity statements for each monthly or quarterly period from June to September 2020. These credits are equal to the total boosts credited for March to June 2020. They will be paid out in either two or four instalments depending on your reporting cycle.

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## See also:

- [COVID-19](#) ([/General/COVID-19/](#)).
- [JobKeeper Payment](#) ([/general/JobKeeper-payment/](#)).
- [Instant asset write-off for eligible businesses](#) ([/Business/Depreciation-and-capital-expenses-and-allowances/Simpler-depreciation-for-small-business/Instant-asset-write-off/](#)).
- [Backing business investment – accelerated depreciation](#) ([/Business/Depreciation-and-capital-expenses-and-allowances/Backing-business-investment---accelerated-depreciation/](#)).

- [COVID-19 Boosting cash flow for employers interim report \(/Business/Bus/COVID-19-Boosting-cash-flow-for-employers-interim-report/\)](#).

## What you need to know

- On 21 December 2020, the Administrative Appeals Tribunal (AAT) handed down its decision in *Apted and Commissioner of Taxation (Taxation) [2020] AATA 5139* ([http://www.austlii.edu.au/cgi-bin/viewdoc/au/cases/cth/AATA/2020/5139.html?anchor=\\_blank#\\_blank](http://www.austlii.edu.au/cgi-bin/viewdoc/au/cases/cth/AATA/2020/5139.html?anchor=_blank#_blank)). – for more information, see [JobKeeper AAT decision on backdated ABNs \(?anchor=AATdecisiononbackdatedABNs#AATdecisiononbackdatedABNs\)](#).
- For most businesses, the cash flow boost will automatically be credited to your account when you lodge your activity statement.
- When you lodge your June 2020 activity statement, you may receive both initial and additional cash flow boosts as credits – see examples of [what you will receive \(?anchor=Whatwillyoureceive#Whatwillyoureceive\)](#), and check out our [Cash flow boost estimator \(XLSX, 5.3MB\)](#) ([/uploadedFiles/Content/CR/downloads/cash\\_flow\\_boost\\_estimator.xlsx](#)) to work out an estimate of your cash flow boost amount.
- The cash flow boost will be applied to reduce liabilities arising from the same activity statement – if there is credit remaining after this occurs, you will generally receive a refund of that amount.
- If you are due to receive a refund, we will generally pay it within 14 days.
- You must be eligible for the initial cash flow boost, in order to be eligible for the additional cash flow boosts.
- Any cash flow boost amounts you receive are non-assessable non-exempt (NANE) income and should be reported in the same way as you report other NANE income when lodging your tax return – see [Tax consequences \(?anchor=Taxconsequences#Taxconsequences\)](#).

## Eligibility

Businesses (including sole traders, companies, partnerships or trusts) and NFP organisations will be eligible to receive the cash flow boost if:

- you are a small or medium business entity or NFP of equivalent size (that is, an entity with aggregated annual turnover less than \$50 million)
- you held an Australian business number (ABN) on 12 March 2020
- you either
  - made payments to employees subject to withholding (even if the amount you were required to withhold was – zero), such as
    - salary and wages
    - director fees
    - eligible retirement or termination payments
    - compensation payments
    - voluntary withholding from payments to contractors
  - were required to pay an amount in relation to alienated personal services income you received (even if the – amount you were required to pay was zero)
- on or before 12 March 2020, you lodged at least one of

- a 2019 tax return showing that you had an amount included in your assessable income in relation to you carrying
  - on a business
- an activity statement or GST return for any tax period that started after 1 July 2018 and ended before 12 March
  - 2020 showing that you made a taxable, GST-free or input-taxed sale.

There are only exceptional circumstances where we may have discretion to give you further time after 12 March 2020.

You won't be disadvantaged if you have been given a deferral for your earlier activity statement or are not required to lodge your tax return yet. Read more about the impact of lodgment deferrals ([?anchor=Impactoflodgmentdeferrals#Impactoflodgmentdeferrals](#)).

You are **not eligible** for the cash flow boosts if you change the way you operate for the sole or dominant purpose of becoming entitled to cash flow boosts when you would otherwise not be entitled. Read more about schemes ([?anchor=Schemes#Schemes](#)).

If you don't meet these general eligibility criteria but think you may still be entitled to the boost, there are special eligibility rules for entities in the following situations:

- New to business ([?anchor=Newtobusiness#Newtobusiness](#)).
- Charities ([?anchor=Charities1#Charities1](#)).
- Business created PAYG withholding role after 12 March 2020 ([?anchor=EntitiesthatarentregisteredforGST#EntitiesthatarentregisteredforGST](#)).
- Entities that are not registered for GST ([?anchor=EntitiesthatarentregisteredforGST1#EntitiesthatarentregisteredforGST1](#)).
- Entities with a reduction in turnover to below \$50 million ([?anchor=Entitieswithareductioninturnovertobelow1#Entitieswithareductioninturnovertobelow1](#)).
- Businesses with related parties, or that are part of a group ([?anchor=Businesseswithrelatedpartiesorthatarepa1#Businesseswithrelatedpartiesorthatarepa1](#)).
- Businesses with multiple branches ([?anchor=Businesseswithmultiplebranches1#Businesseswithmultiplebranches1](#)).
- Businesses that are part of a GST joint venture ([?anchor=BusinessesthatarepartofaGSTjointventure#BusinessesthatarepartofaGSTjointventure](#)).
- Businesses that use another entity to manage payroll ([?anchor=Businessesthatuseanotherentitytomanagepa#Businessesthatuseanotherentitytomanagepa](#)).

## Examples

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### Example 1 – A business that is eligible for the cash flow boost

Robert has operated a small restaurant in Adelaide since 2015. He has had an ABN since then and pays wages to his chefs every week.

Robert's 2019 tax return is not due until May 2020. However, he has lodged all his activity statements since July 2018.

Robert is eligible to receive a cash flow boost.

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## **Example 2 – A business that does not pay employees (and is not eligible for the cash flow boost)**

Angela runs a small convenience store in Darwin using a trust as her business vehicle. She is the only person who works in the business. She provides for her own remuneration by making trust distributions during the year and does not pay any wages.

As Angela does not make eligible payments to employees, she is not eligible to receive the cash flow boost.

On 15 March 2020, Angela realises her business is not eligible and applies to become registered for PAYG withholding, backdated to 1 March 2020. She changes her business records to reclassify some trust distributions as wages.

Angela is still not eligible to receive the cash flow boost because she has changed the way her business operates for the purpose of receiving a cash flow boost that she was not otherwise entitled to receive.

### **Find out about:**

- [Special eligibility rules \(?anchor=Specialeligibilityrules#Specialeligibilityrules\)](#).
- [Delivery of the cash flow boosts \(?anchor=Deliveryofthecashflowboosts1#Deliveryofthecashflowboosts1\)](#).
- [Accessing the cash flow boosts \(?anchor=Accessingthecashflowboosts#Accessingthecashflowboosts\)](#).
- [What you will receive \(?anchor=Whatwillyoureceive#Whatwillyoureceive\)](#).
- [Tax consequences \(?anchor=Taxconsequences1#Taxconsequences1\)](#).

### **Discretion to give you further time**

We have discretion to give you further time, after 12 March 2020, to:

- hold an ABN
- provide us notice that business income or supplies were made.

However, the discretion is intended to be utilised only in very exceptional circumstances. This can include where you cannot satisfy the condition because:

- although you were running an active business prior to 12 March 2020, you were not required to hold an ABN as a matter of law – for example, an entity which operates in the external territories of Australia is not required to have an ABN
- you have deferred your lodgment under an extension of lodgment date granted by the Commissioner of Taxation – for example, you had an automatic lodgment deferral in place as you were affected by the Australian bushfires in late 2019, and you lodge your first activity statement after 12 March 2020.

We are unlikely to exercise the discretion to extend the 12 March 2020 date if doing so would be inconsistent with the integrity provisions. For example, where steps are taken to set up new entities, or revive dormant entities, solely for the sole or dominant purpose of accessing the cash flow boost.

### **Find out about:**

- [Providing more information about your eligibility or ineligibility \(? anchor=Providingmoreinformationaboutyoureligibi#Providingmoreinformationaboutyoureligibi\)](#).
- [PS LA 2020/21 \(/law/view/document?DocID=PSR/PS20201/NAT/ATO/00001&PIT=99991231235958\)](#).  
*Commissioner's discretion to allow further time for an entity to register for an ABN or provide notice to the Commissioner of assessable income or supplies*

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If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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