

Lockdown Support

The highly infectious Covid Delta variant is triggering lockdowns across the country. We look at what help is available and how you can get it.

Support for Individuals

There are two payments accessible to individuals: the Covid-19 Disaster Payment and the Pandemic Leave Disaster Payment.

How to Apply for Support

You can apply for the Covid-19 Disaster Payment through your [MyGov](#) account if you have created and linked a Centrelink account. Apply for the Pandemic Leave Payment by phoning Services Australia on 180 22 66.

Covid-19 Disaster Payments

The Covid-19 disaster payment is a weekly payment available to eligible workers who cannot attend work or who have lost income because of a lockdown and do not have access to appropriate paid leave entitlements. If you are a couple, both people can separately claim the payment.

Sole traders may apply for the Covid-19 Disaster Payment if they are unable to operate their business from home. However, they will not be eligible if they are also receiving a State business grant such as the NSW 2021 Covid-19 Business Grant.

Timing of the Payment

The disaster payment is generally accessible if the hotspot triggering the lockdown lasts more than seven days as declared by the Chief Medical Officer (you can find the [listing here](#)).

However, the disaster payment will also be available:

- **In NSW** from 18 July 2021 to anyone who meets the eligibility criteria. The requirement to be in a Commonwealth declared hotspot has been removed and the

- payment will apply to anyone in NSW impacted by the lockdowns who meets the other eligibility criteria; or
- **In Victoria** from 15 July 2021 to anyone who meets the eligibility criteria. The requirement to be in a Commonwealth declared hotspot has been removed and the payment will apply to anyone in Victoria impacted by the lockdowns who meets the other eligibility criteria. And the seven day requirement has been removed so that the payment will be made for the period from 15 July 2021 (paid in arrears from 23 July 2021).

Area	Date of Declaration	Disaster Payment Accessible From
City of Sydney, Waverley, Woollahra, Bayside, Canada Bay, Inner West and Randwick	23 June 2021	1 July 2021
Greater Sydney, including the Blue Mountains, Central Coast and Wollongong	26 June 2021	4 July 2021
All of NSW		18 July 2021
All of Victoria	15 July 2021	23 July 2021*

How much is the Payment?

The Covid-19 disaster payment amount available depends on:

- How many hours of work you have lost in the week; and
- If the payment is on or after the third period of the lockdown.

Disaster Payment Amount	Hours of Work Lost	
	Between 8 and 20	20 or More
Weeks 2 and 3 of a lockdown*	\$325	\$500
From week 4 of a lockdown onwards	\$375	\$600

*Eligible Victorians will receive the higher rate from week one of the lockdown.

The payment applies to each week of lockdown you are eligible and is taxable (you will need to declare it in your income tax return).

Eligibility

The Covid-19 disaster payment is emergency relief. It is available if you:

- Live or work in an area that is subject to a state or territory public health order that imposes restriction on movement and is declared a Commonwealth Covid-19 hotspot; or
- Have visited an area that is a Commonwealth Covid-19 hotspot and you are subsequently subject to a restricted movement order when you return to other parts of New South Wales or interstate.

And you:

- Are an Australian citizen, permanent resident or temporary visa holder who has the right to work in Australia; and
- Are aged 17 years or over; and
- Have lost eight hours or more of work or a full day of your usual work as a result of the restrictions - losing work includes being stood down by your employer, not being assigned any shifts for the week of restrictions and being unable to work from home, losing a full day of what you were scheduled to work, but could not work because of a restricted movement order. This includes not being able to attend a full-time, part-time or casual shift of less than eight hours; and
- Do not have paid leave available through your employer (other than annual leave); and
- Are not receiving income support payments, a State or Territory pandemic payment, Pandemic Leave Disaster Payment or State small business payment for the same period. Income support payments include Age Pension, Austudy, Carer Payment, Disability Support Pension, Farm Household Allowance, JobSeeker Payment, Parenting Payment, Partner Allowance, Special Benefit, Widow Allowance, Youth Allowance and Income Support Supplement, Service Pension or Veteran Pension from the Department of Veterans' Affairs.

A liquid assets test of \$10,000 previously applied to the disaster payment, but was removed from Thursday, 8 July 2021.

Pandemic Leave Disaster Payment

The Pandemic Leave Disaster Payment is for those who have been advised by their relevant health authority to self-isolate or quarantine because they:

- Test positive to Covid-19;
- Have been identified as a close contact of a confirmed Covid-19 case;

- Care for a child, 16 years or under, who has Covid-19; or
- Care for a child, 16 years or under, who has been identified as a close contact of a confirmed Covid-19 case; or
- Care for a person who has tested positive to Covid-19.

How much is the Payment?

The payment is \$1,500 for each 14 day period you are advised to self-isolate or quarantine. If you are a couple, you both can claim this payment if you meet the eligibility criteria.

Eligibility

The Pandemic Leave Disaster Payment is available if you:

- Are an Australian citizen, permanent resident or temporary visa holder who has the right to work in Australia; and
- Are aged 17 years or over; and
- Are unable to go to work and earn an income; and
- Do not have appropriate leave entitlements, including pandemic sick leave, personal leave or carers leave; and
- Are not getting any income support payment, ABSTUDY Living Allowance, Paid parental leave or Dad and Partner Pay. Income support payments include Age Pension, Austudy, Carer Payment, Disability Support Pension, Farm Household Allowance, JobSeeker Payment, Parenting Payment, Partner Allowance, Special Benefit, Widow Allowance, Youth Allowance and Income Support Supplement, Service Pension or Veteran Pension from the Department of Veterans' Affairs.

The payment is taxable and you will need to declare it in your income tax return.

If you are uncertain of your eligibility, talk to [Services Australia](#).

If you are concerned about the impact of disaster relief payments on you, talk to us.

NSW Childcare Gap Fee

From 19 July 2021, the Government is enabling childcare services in NSW Local Government Areas subject to stay at home orders to waive gap fees for parents keeping their children at home due to current Covid-19 restrictions. The gap fee is the difference between the Child Care Subsidy (CCS) the Government pays to a service and the remaining fee paid by the family.

The childcare gap fee waiver is only applicable where the childcare service opts in.

The current Local Government Areas are: Bayside, Blacktown, Blue Mountains, Burwood, Camden, Campbelltown, Canada Bay, Canterbury-Bankstown, Central Coast, Cumberland,

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Fairfield, Georges River, Hawkesbury, Hornsby, Hunters Hill, Inner West, Ku-Ring-Gai, Lane Cove, Liverpool, Mosman, North Sydney, Northern Beaches, Parramatta, Penrith, Randwick, Ryde, Shellharbour, Strathfield, Sutherland Shire, Sydney, The Hills Shire, Waverley, Willoughby, Wollondilly, Wollongong and Woollahra.

NSW Eviction Moratorium

The NSW Government will introduce a targeted eviction moratorium to protect residential tenants who have lost 25% of their income due to Covid-19.

60 Day Freeze on Evictions

Tenants who cannot pay their rent in full because they are impacted by the recent Covid-19 outbreak cannot be evicted between now and 11 September 2021.

Financial Support for Landlords

Residential landlords who decrease rent for impacted tenants can apply for a grant of up to \$1,500 or land tax reductions depending on their circumstances. The land tax relief will be equal to the value of rent reductions provided to financially distressed tenants for up to 100% of the 2021 land tax year liability.

Support for Your Business

If your business has been adversely impacted by the recent lockdown in NSW, support is available.

The NSW and Federal Governments have announced a series of new measures to support business during extended lockdowns of four weeks or more:

- Up to \$15,000 through the expanded NSW 2021 Covid-19 business grants program;
- Up to \$10,000 cashflow support per week;
- NSW micro business grants;
- NSW payroll tax deferrals and a 25% payroll tax waiver;
- NSW rent protections and grants; and
- NSW sector support for the arts and accommodation sector.

You can streamline the process of applying for business support by ensuring:

- Your business and contact details are up-to-date on the [Australian Business Register](#); and
- Your personal and business details are up-to-date and you have a [MyServiceNSW](#) account with a [business profile](#).

2021 Covid-19 Business Grant of up to \$15,000

The previously announced small business grants have been increased to up to \$15,000 and expanded to eligible businesses (including not-for-profits and sole traders) with annual wages of up to \$10 million.

The value of the grant is determined by the impact of the lockdown on your turnover. Your business will need to prove a decline in turnover across a minimum two week period after commencement of the major restrictions.

Decline in Turnover	Grant
70%+	\$15,000
50% or more	\$10,500
30% or more	\$7,500

Eligibility

The 2021 COVID-19 business grant is available if you:

- Have an active ABN; and
- Can demonstrate that your business was operating in NSW as at 1 June 2021; and
- Have had total annual Australian wages of \$10 million or less as at 1 July 2020; and
- Have had an aggregated annual turnover between \$75,000 and \$50 million (inclusive) for the year ended 30 June 2020; and
- Have unavoidable business costs from 1 June 2021 to 17 July 2021 for which there is no other Government support available; and
- Maintain employee headcount as at 13 July 2021 – the number of people you employed in NSW, including full-time, part-time and casuals that have been employed by the business for more than 12 months; and
- Have experienced a decline in turnover of at least 30% over a minimum two week period from 26 June 2021 to 17 July 2021, compared to the same period in 2019. For businesses and not-for profits on the NSW border with Victoria impacted by lockdown orders that began on 27 May 2021 use the turnover period from 27 May 2021 to 17 July 2021 compared to the same period in May and/or June and/or July 2019.

GST concepts are used in determining whether the business has suffered a decline in turnover of at least 30%.

Businesses that are not able to meet all the eligibility criteria can still potentially qualify for the grant, but it will normally be necessary to contact Service NSW to discuss the situation before applying.

Non-employing businesses such as sole traders are not eligible to apply if persons associated with the business, and who derive

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income from it, have applied for, or are receiving, the Commonwealth Covid-19 Disaster Payment.

We can work with you to help you assess your eligibility and apply for the grant.

How to Apply

Applications are made online through [ServiceNSW](#). Applications close at 11.59 pm on 13 September 2021.

JobSaver: Cashflow Support of up to \$10,000

A cashflow support payment between a minimum of \$1,500 and a maximum of \$10,000 per week based on 40% of the NSW payroll payments of your business (including not-for-profits).

Businesses without employees that meet the eligibility criteria, such as sole traders, will be able to access a payment of \$1,000 per week.

The cashflow support will cease when lockdown restrictions are eased or when the Commonwealth hotspot declaration is removed.

The cashflow support payments will be made weekly.

Eligibility

- Annual turnover between \$75,000 and \$50 million;
- Demonstrate a 30% decline in turnover;
- Maintain your full-time, part-time and long-term casual staffing level as of 13 July 2021;
- Impacted by the current Greater Sydney Covid-19 restrictions.

How to Apply

Applications for the cashflow support benefit have not yet opened, but you can register your interest through [ServiceNSW](#).

\$1,500 Micro Business Grants

A new grant for micro businesses (including sole traders) providing \$1,500 per fortnight while lockdown restrictions apply. The grants are available from week one of the lockdown until restrictions are eased.

Eligibility

- Annual turnover of more than \$30,000 and less than \$75,000;
- Demonstrate a 30% decline in turnover;
- The business provides the primary income source for a person associated with the business;

- Impacted by the current Greater Sydney Covid-19 restrictions.

How to Apply

Applications for the cashflow support have not yet opened, but you can register your interest through [ServiceNSW](#).

Payroll Tax Relief

Payroll Tax and Lodgement Deadline Deferred

NSW payroll tax has been deferred for July and August 2021 until 7 October 2021 for all businesses.

The due date for the 2020/21 annual reconciliation has also been deferred until 7 October 2021.

Previous payroll tax deferrals and payment arrangements for 2020/21 due in July 2021 have not been deferred.

25% Payroll Tax Waiver for Businesses between \$1.2 million and \$10 million

Businesses with Australian wages of between \$1.2 million and \$10 million that have experienced a 30% decline in turnover will be provided with a 25% payroll tax waiver in 2021/22. Further details of the reduction will be available by the end of August from [RevenueNSW](#).

Rent Protections and Grants

Commercial and retail rent protections will be reinstated.

Eviction Moratorium

Legislative amendments will shortly be introduced providing a short-term eviction moratorium for rental arrears where a residential tenant suffers loss of income of 25% due to Covid-19 and meets certain other criteria. The moratorium applies to tenants with an annual turnover of \$50 million or less.

Commercial and retail landlords will need to attempt mediation before recovering a security bond or locking out or evicting a tenant impacted by Public Health Orders.

Land Tax Relief

Land tax relief equal to the value of rent reductions provided by commercial, retail and residential landlords to financially distressed tenants will be available for up to 100% of the 2021 land tax liability.

See [Residential Tenancies Moratorium Application for rent negotiation](#).

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Specific Sector Based Support

Arts Community

A \$75 million support package will be provided to the performing arts sector to be administered by [Create NSW](#).

The package will be delivered in two stages:

- Immediate support to provide relief to eligible organisations who were staging performances during the period covered by the Public Health Orders; and
- Funding available to support eligible organisations to reschedule performances once it is safe for restrictions to ease.

Eligible organisations include performing arts organisations with heavy reliance on box office income, including not-for-profit performing arts companies who were staging, or scheduled to stage performances during the lockdown period, commercial producers and some live music venues.

Organisations will need to provide evidence of performances scheduled, venues and average ticket prices.

[CreateNSW](#) will open applications from 23 July 2021.

Accommodation Sector

A \$26 million support package for eligible tourism accommodation providers that have lost business during the school holiday period. Assistance will be based on the number of cancelled “room nights: of:

- \$2,000 for up to 10 room nights; or
- \$5,000 for 11 or more room nights.

To be eligible, you will need to be able to show evidence of cancellations for lost room nights between 25 June and 11 July 2021.

Gaming Machine Tax Deferrals

All businesses paying hotel or club gaming machine tax will be able to defer the taxes for the 2021/22 financial year:

- Hotels: deferrals for the June and September quarters until 21 January 2022; and
- Clubs: deferrals for the August quarter until 21 December 2022.

Northern Territory

The Territory Business Lockdown Payment Program provides a payment of \$1,000 to [eligible](#) Territory enterprises with less

than 20 full-time equivalent staff. [Applications](#) close on 16 July 2021.

Queensland

A Small Business Covid-19 [Adaption Grant](#) of between \$2,000 and \$10,000 is available to [eligible](#) regional Queensland businesses. The grant requires your business to have suffered a decline in turnover of at least 30% because of Covid-19 for at least one month since 23 March 2020. The grant is accessible to businesses with less than 20 staff.

Western Australia

A second round of [Small Business Lockdown Assistance Grants](#) of \$3,000 are available to eligible businesses in Perth, Peel and regional WA impacted by recent lockdowns. Applications are not yet open, but you can register for updates. Specific [industry assistance](#) is also available.

Direct grants and funding to South Australian and ACT businesses are applicable when extended lock-downs are imposed.

Business in a Post-Pandemic Environment

Countries that have experienced the worst of the pandemic give Australian businesses an insight into what to expect in a post-lockdown environment.

Australia, like New Zealand, has managed Covid-19 on an elimination basis, i.e. lockdowns and border closures to keep the virus out. And it has worked comparatively well, with New Zealand suffering 26 deaths (0.5 per 100,000 people) and Australia 910 deaths (3.7 per 100,000) compared to the UK with over 128,000 deaths (191 per 100,000), India over 400,000 deaths (29.8 per 100,000), Brazil over 500,000 deaths (250.4 per 100,000) and the United States with over 600,000 deaths (184.3 per 100,000).

But the flip side of a Covid-19 elimination strategy is a slow vaccine rollout - not only are global vaccine supplies predominantly directed to first world nations with higher mortality rates, but vaccination reticence has taken hold (the “I’ll wait and see what happens” mentality). Deciding whether to get a vaccination (and making the appointment) is easy to put off when your life, and the well-being of those around you, is

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not in danger. We saw this psychology at play in Sydney and Melbourne when vaccination rates increased in response to the spread of the Delta variant.

While all of this might not have a direct impact on businesses, it does impact on the timing of the recently announced National Plan to transition Australia's Covid response, and this plan will determine what the business environment will be like over the coming year.

The National Plan has signalled a policy shift from our current focus on Covid infection rates, to two new key determinants: vaccination and hospitalisation rates.

At present, Australia has administered 33 vaccination doses per 100 people. New Zealand is at just over 26 doses per 100 utilising Pfizer and the recently approved Johnson & Johnson's Janssen Covid-19 vaccine, and Japan is at over 42 doses per 100.

Australia will pursue an elimination (or "double doughnut") strategy until vaccination rates rise to a level where the risk of hospitalisation and death from the virus is relatively low. However, we do not know what these thresholds look like at present with the Government and Covid-19 Task Force yet to make its recommendations.

Australia cannot move from an elimination strategy to "living with Covid" in a few months without unacceptable hospitalisation and death rates, e.g. the UK is moving to no restrictions despite over 160 people dying of Covid and just under 2,500 hospitalised in the last seven days.

The National Plan identifies four stages and the actions of each of those stages. In brief:

1. Phase 1 - current strategy;
2. Phase 2 – post-vaccination phase - eased restrictions for those who have been vaccinated and lockdowns only when hospitalisation rates spike;
3. Phase 3 - consolidation phase - no lockdowns and pursuit of a "vaccination passport" concept where those who are vaccinated can travel freely domestically, and travel bubbles extended to more countries; and
4. Final phase – the living with the virus stage with uncapped inbound arrivals, including accepting non-vaccinated international travellers if they pass a pre- and post-arrival Covid test.

Data is only just emerging on the impact of vaccination rates on hospitalisations and death rates, but only a small number of countries have enough of their populations vaccinated to provide a reliable sample - Israel (120 doses per 100 people), the UK (119 per 100) and the US (100 per 100). Even when the Australian vaccination targets are confirmed, we should expect these phases to move over time if hospitalisations increase beyond acceptable levels and if new and deeper data suggests a

change in tack (like with the rollout of the AstraZeneca vaccine). In addition, it is likely that the states and territories will continue to have the final say on what is acceptable. All of this means that while we will have a National Plan, business should remain vigilant and prepare for a potentially longer transition period than what is announced.

The National Plan's Impact on Business

The economic impact of Covid-19 is unlike any other, with some businesses suffering a fatal blow while others have benefited. Covid's impact varies sector by sector and region by region as we bounce from one set of operating conditions to another depending on the Government's response to outbreaks.

Cashflow is a dominant concern with ABS data showing a decline in the number of businesses expecting an increase in revenue between February 2021 (27%) and July 2021 (18%).

The National Plan will impact differently on different sectors, and it will be important for business operators to understand the potential impact on them at each phase:

- Phase 1 - be prepared for further ad hoc lockdowns and restrictions:
 - Map the impact of restrictions on your business, your cashflow and your team and what you will need to survive. Understand whether it is worth trading, the cost of trading and the potential of hibernating; and
 - Model contingency scenarios and understand the best available action;
- Phase 2 – taking advantage of eased restrictions:
 - Lock in any Covid gains – this might be keeping or adapting any new services, building on new technologies or nurturing a database of new customers (while protecting your relationship with your existing customers). Business has changed so understand what has changed and how you can benefit from these changes; and
- Phase 3 – no lockdowns and returning travel:
 - Understand what your customer base will look like when restrictions ease. If your business benefited from Covid, is there a potential to be detrimentally impacted when your customers have greater choice? If eased restrictions open new or returning opportunities, what can you do to drive this business to you?

Covid impacts differently depending on the business, the sector and geographic location. There is no one size fits all approach to surviving and thriving. If you would like us to review your business' circumstances and ensure you have the depth of information you need to make the right decisions, please contact us.

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Six Member SMSFs – the Issues and Opportunities

From 1 July 2021 the maximum number of members a self-managed superannuation fund (SMSF) can have increased from four to six. Why would you have a fund with six members, and what are the implications?

Recently enacted laws increased the maximum number of allowable members in an SMSF and small APRA fund from four to six.

Currently, over 70% of SMSFs have just two members and those with four members represent only 4% of the SMSF population. The use of six member funds is likely to be small, but adds additional choice and flexibility.

Family Groups

Six member funds provide family groups with a vehicle for controlling superannuation savings and investment strategies. For families with more than four members, previously the only real option was to create two SMSFs (incurring extra costs) or place their superannuation in a large fund.

A larger fund also offers a level of protection if a fund member is travelling overseas for a prolonged period of time. The residency rules require, amongst other things, 50% of members measured by market value to be in Australia.

Estate Planning

Estate planning is a benefit of the new laws, particularly tax-effective inter-generational wealth transfer as the assets of a fund generally are not part of an estate. Take the example of a family business that holds the commercial property of the business in their family SMSF. If the parents die, the children might keep running the business and maintain the commercial property within the SMSF as an asset. Holding assets within the SMSF also provides a level of asset protection from creditors.

The Problem Areas

- Investment decisions within a fund - problems can occur when members have different investment needs, e.g. parents might be closer to retirement while the children are focussed on the longer term. The investment strategy of the fund may not meet everyone's requirements;
- Disputes – the more members in a fund the greater the potential for disputes. For those with legal capacity to be a trustee (18 or over), the rules relating to the appointment and dismissal of trustees, voting rights and meetings need to be clear; and
- What happens when a member dies – steps need to be taken to ensure that when a member of the fund dies, their wishes are respected. For example, appointing a legal personal representative as trustee, reversionary pensions or binding death nominations.

Who cannot have a Six Member Fund?

Not all SMSFs will have the option to allow six members because, in some instances, the number of individual trustees that a trust can have is limited to less than five or six trustees by state legislation (Queensland, for example). In these cases, fund members might opt to use a corporate trustee.

Administrative Impact on an SMSF

The change from four to six members updates the definition of an SMSF and, as a result, has practical impacts across other Acts and Regulations.

Sign-off requirements for an SMSF's accounts and financial statements will change. Currently, if an SMSF has more than one director member, its accounts and statements must be signed by at least two members in their capacity as individual trustee or as a director of a corporate trustee. As there cannot be more than four members of an SMSF under the current rules, these requirements ensure that all members sign the accounts and statements of SMSFs with one or two members. For SMSFs with three or four members, at least half of the members must sign its accounts and statements for an income year. Under the updated requirements, an SMSF with one or two directors or individual trustees must have its accounts and statements signed by all of those directors or trustees. For all other SMSFs (that is, those with between three and six directors or trustees), the accounts and statements of the SMSF must be signed by at least half of the directors or individual trustees.

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New Laws Target Sharing Economy Platforms

In an attempt to reign in undeclared income, proposed new laws will require platform providers in the sharing economy to report all transactions through their platforms.

Traditional employment models have shifted in favour of more flexible options, including contracting, self-employment and use of labour hire. Consumers are increasingly paying to “use” rather than “own” assets, creating new income opportunities for the owners of assets – like AirBNB. And the Government believes they are missing out on tax revenue from these payments – income tax from income earned, GST on ride sharing (because the ATO considers all ride sharing a taxi service and, as a result, GST applies), and capital gains tax on the sale of property used to earn income, etc.

While data matching programs have previously targeted sharing platforms, the proposed laws provide a structured and consistent framework to recognise all revenue earned in Australia through these platforms.

The laws target electronic platforms capturing those that act as intermediaries between buyers and sellers, to more complex arrangements where the platform operator assumes much of the inherent risk in the transaction between the buyer and the seller, plays a quality assurance role, and ensures a seamless experience for the buyer and seller. The laws do not rely on the platform processing payments and will reach to those who use third party payment providers.

If implemented, the laws will apply to ride sharing and accommodation services from 1 July 2022, and all other services from 1 July 2023.

Office Update

Waterhouse Chartered Accountants has made some technological changes to the way we operate, which we hope will benefit you as well as us.

We have recently transferred to two new systems and you will see a change in the way we deliver goods to you:

- Xero Tax – your next income tax return will be prepared using Xero Tax and will be sent to you for e-signing.
- Corporate Messenger – if you are a director of a company that Waterhouse Chartered Accountants is the ASIC registered agent for, you will receive your annual company statement via email with the option to e-sign. This program also gives us a very clear overview of annual review fees and late fees so that we can follow up and send you reminders if necessary.

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