

Federal Budget

NAVIGATING THE NEW NORMAL

2020



FINANCIAL SERVICES



Presenters



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Partner & National Head
of Financial Services



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Partner, Specialist Tax



Sandie Boswell
Partner – Innovation
Incentives



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Partner – Tax

Housekeeping

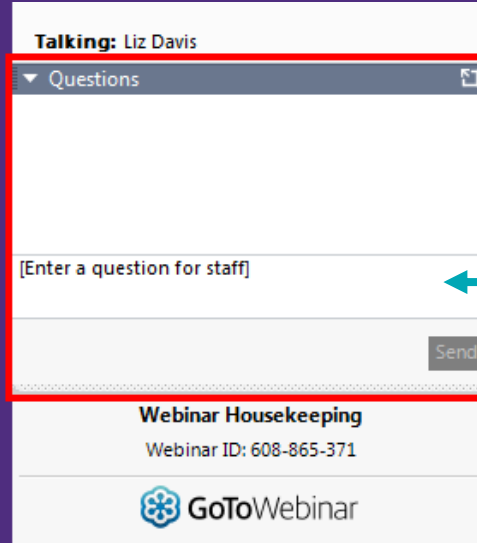


This is an interactive session so we encourage your participation



This session is being recorded and will be shared with all registrants and on our GTAL website and socials.

How to ask questions?



Submit your questions via the Questions panel

Agenda

- Unpacking the budget
- Jobkeeper & stimulus
- R&D
- Corporate tax
- Q&A



Unpacking the Federal Budget for Financial Services

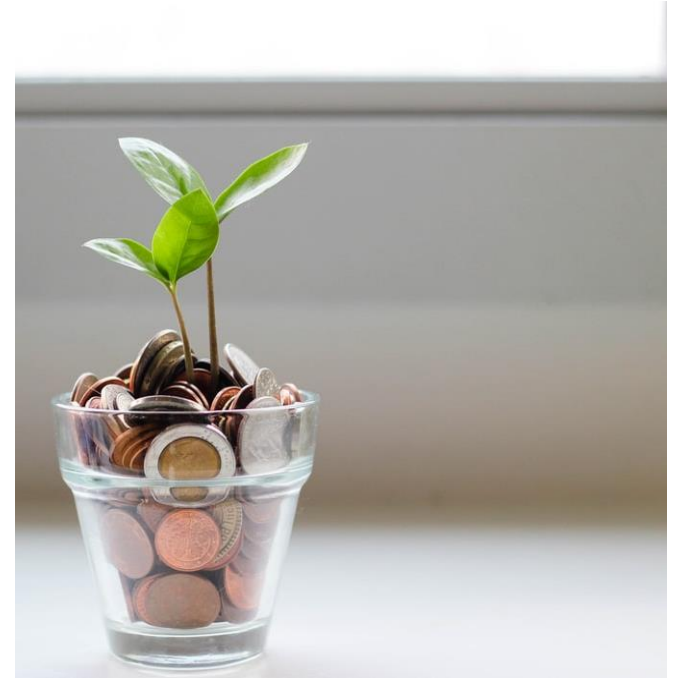


Banking

- Banks are the shock absorbers
- No support for banks announced
- But – extension of FHLDS and relaxation of responsible lending

Superannuation

- No changes for individuals
- Government proceeding with stapling of super accounts
- YourSuper portal
- Member Outcomes
- Pressure on trustees
- Fund managers flow on



Key assumptions

- State borders
- WA border
- International border
- Availability of effective vaccine
- Take up of vaccine



Questions and answers

JobKeeper and Stimulus



Q&A: JobKeeper new two-tiered system

Question	Response									
Do I still qualify until 27 September?	Yes									
What are the two tiers?	<p>Employees who worked <u>on average</u> at least 80 hours over a 28 day period before either 1 March 2020 or 1 July 2020 (i.e. February 2020 or June 2020), will be eligible for the full JobKeeper payment. The period with the higher number of hours worked is to be used for employees with 1 March 2020 eligibility.</p> <p>Other eligible employees will be eligible for the reduced JobKeeper payment.</p> <table border="1"><thead><tr><th>JobKeeper Fortnights</th><th>Full rate</th><th>Partial rate</th></tr></thead><tbody><tr><td>28 September 2020 to Sunday 3 January 2021</td><td>\$1,200 per fortnight</td><td>\$750 per fortnight</td></tr><tr><td>4 January 2021 to 28 March 2021</td><td>\$1,000 per fortnight</td><td>\$650 per fortnight</td></tr></tbody></table>	JobKeeper Fortnights	Full rate	Partial rate	28 September 2020 to Sunday 3 January 2021	\$1,200 per fortnight	\$750 per fortnight	4 January 2021 to 28 March 2021	\$1,000 per fortnight	\$650 per fortnight
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Can new employees be eligible for the JobKeeper Extension?	<p>Yes, to be eligible in the past, an employee had to be employed as of 1 March 2020. From 3 August 2020, the key date has changed to 1 July 2020, allowing for businesses that have started opening up and taking on new employees after March.</p> <p>These employees must be either an eligible employee for a JobKeeper fortnight ended before 3 August using the 1 March test, or meet certain conditions at 1 July.</p> <p>These new employees will use the four week period preceding 1 July to determine the payment tier applicable to them.</p>									
When do the two tiers apply?	For JobKeeper fortnights that start from 28 September 2020 and end on 28 March 2021.									

Q&A: JobKeeper turnover decline test tightened

Question	Response
How is turnover decline measured?	<p>The turnover decline test stays the same for JobKeeper Fortnights up to 27 September 2020.</p> <p>For eligibility for the extended JobKeeper until 28 March 2021:</p> <ul style="list-style-type: none">• Use actual not projected turnover• Comparison must be with the corresponding period in 2019• For JobKeeper Fortnights from 28 September 2020 to 3 January 2021: Need to satisfy decline in turnover for the September 2020 quarter vs comparative September quarter in 2019• For JobKeeper Fortnights from 4 January 2021 to 28 March 2021: Need to satisfy decline in turnover for the December 2020 quarter vs comparative December quarter in 2019• No more use of "projected turnover" or monthly tests• Continuous retesting – no longer once only satisfaction of turnover decline

Q&A: JobKeeper turnover decline test

Question	Response				
<p>What is included in the turnover test?</p>	<p>Broadly, the GST turnover test in the GST law is modified for the purposes of the JobKeeper subsidy per the following (please note that this is a non-exhaustive list):</p>				
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R&D

Innovation Incentives



Growing out of a recession

Boost tech, slash red tape to kick-start recovery

The AFR, September 2020

SCIENCE BUSINESS® Bringing together industry, research and policy

21 Jul 2010 | News

Recession is a time for innovation

Science Business, July 2010

Why the pandemic could produce the next global tech giant

The AFR

OPINION

Science and innovation must help fuel our post-COVID recovery

The AGE, August 2020

Innovation districts like Melbourne's could help chart our course out of crisis

The Conversation, September 2020



These 5 COVID-fighting technologies show the power of global ingenuity

The World Economic Forum, August 2020

COVID-19 elevates 'innovation' off the government black list

The AFR

Reconceiving Innovation for Covid-19

Manuel Sosa, INSEAD Professor of Technology and Operations Management | September 1, 2020



Covid-19 is an opportunity for businesses to build a new normal that is more human-centric, imaginative and agile.

The Knowledge, September 2020

Federal Budget 2020

R&D Snapshot

R&D tax offset rates effective for income years starting **on or after 1 July 2021**:

Aggregated Turnover	Corporate tax rate	Refundable R&D tax offset rate	Non-refundable R&D tax offset rate	
			For R&D expenditure up to and including 2% R&D intensity	For R&D expenditure of more than 2% R&D intensity
\$0 - \$20m	25%	43.5%	-	-
\$20m - \$50m	25%	-	33.5%	41.5%
> \$50m	30%	-	38.5%	46.5%



Greater certainty & clarity



Increased R&D expenditure threshold



Improved administration



No cap on the refundable offset amount



Reduce future tax liabilities

Government announces \$1.3b "modern manufacturing initiative"



\$1.3b

"modern manufacturing initiative"



\$52.8m

for the existing manufacturing modernisation fund



\$107.2m

To identify "supply chain resilience" vulnerabilities



Government and industry will partner to develop industry-led roadmaps to identify growth opportunities

EMDG & Grants

EMDG

The Export Market Development Grant (EMDG) program assists Australian businesses, with a turnover of less than \$50m, by reimbursing up to 50% of **eligible costs associated with the development of export opportunities**. There is a maximum annual grant of \$150,000 available for up to 8 grant years. Program changes effective 1 July 21.



Focused on export marketing activities for services, goods and intellectual property



Reimburse up to 50% of eligible marketing costs such as, marketing trips, trade shows and intellectual property



No upfront, out of pocket charge
(except audit clients)



As of 1 July 2021, **EMDG reform** supports access to upfront grant – moving away from reimbursement model

Grants

Our in house grants expert can review both state and federal funding opportunities beneficial to your business, including new grant opportunities from the recent federal budget and a comprehensive review of opportunities from the recent federal budget.

What can you do?



Proactive **project planning**



If under 50MIL turnover,
**consider your export
marketing activities** over the
last 2 years



Seek advice from your tax
accountant



Track your R&D activities and
document them

Proposed tax measures and the future of tax reform

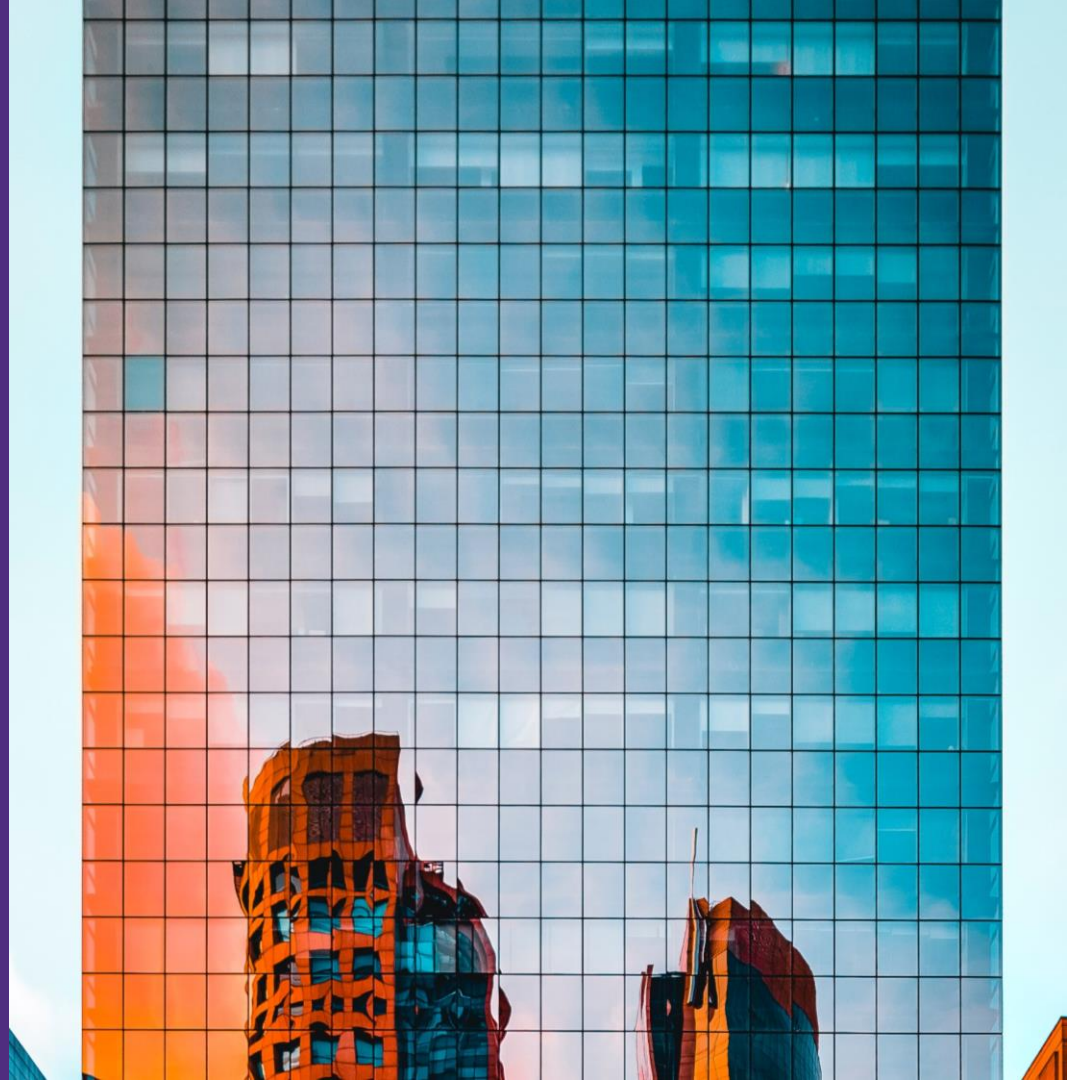


Proposed tax measures

- Corporate tax measures
 - instant asset write off
 - loss carry back rules
- Small business tax concessions
- International tax measures
- Foreign Investment measures



The Future of Tax Reform



Questions?

Coming soon

2 November 2020

Grant Thornton's 10 Retrospective Report

*Covering 10 years of federal budget
activity across key industry sectors
including Financial Services.*

