



National Tax & Accountants' Association Ltd.

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27 March 2020

The Treasurer The Hon Josh Frydenberg
The Assistant Treasurer The Hon Michael Sukkar
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Email: TreasuryCOVID-19Coord@TREASURY.GOV.AU

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Re: Coronavirus Economic Response Package – Income support

The National Tax and Accountants' Association ('NTAA') is a member-based organisation which represents, and provides dedicated tax training to, over 10,000 tax practitioner firms.

The NTAA is seeking urgent clarification on the effect of the *Social Security (Coronavirus Economic Response—2020 Measures No. 2) Determination 2020*, which redefines the requirements a person must satisfy in order to be eligible to receive jobseeker payment or youth allowance.

Eligibility for these income support payments are crucial to becoming entitled to receive the \$550 per fortnight COVID-19 supplement and the \$750 economic support payment, as part of the Government's COVID-19 economic response package.

Broadly, the requirements set out in the above Determination are that the Secretary is satisfied that:

- the person became *unemployed* due to the effects of COVID-19; or
- if the person is a *self-employed* or *sole-trader* - the person's business was suspended, or suffered a reduction in turnover, due to COVID-19; or
- the person's working hours were reduced (including to zero) due to COVID-19.

The major concern that a vast number of our members are raising with us is whether any of the above requirements are satisfied if the person runs a small business through their family company, trust or partnership. Clearly, such persons are no less affected by COVID-19 just because the business is run through a family entity.

Example 1 in the Explanatory Statement to the above Determination notes that Jennifer is a *self-employed* glass artist whose sales have stopped as the shops she supplies her wares to have all closed. Her income has significantly reduced and, as such and subject to meeting other criteria, she qualifies for jobseeker payment.

The question posed to the NTAA is whether the same outcome would apply if Jennifer ran her business through a family entity. In the NTAA's opinion, the answer should clearly be yes, as Jennifer's working hours have reduced. Further, Jennifer has suffered a reduction in turnover (noting that she would be regarded as *self-employed*).



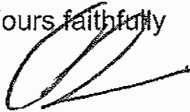
However, because there is no example involving a family entity in the Explanatory Statement or on any other Government website that we are aware of, this is creating major panic for tax agents, accountants and advisors, as they are confused over what they can tell their affected clients.

Clients operating through family entities have felt the full force of the adverse effects brought about by COVID-19 and there is no reason they should be excluded from accessing jobseeker payment and additional income support under the Government's COVID-19 economic response package (e.g., the COVID-19 supplement).

Accordingly, the NT AA urges Treasury to confirm that the persons operating their small businesses through family entities can satisfy one or more of the requirements set out in section 4 and section 5 of the above Determination.

We greatly appreciate you taking the time to consider our concerns in relation this matter.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Geoff Boxer', written over the text 'Yours faithfully'.

Geoff Boxer
CEO
National Tax and Accountants' Association