

CURRENT AS AT 23 MARCH 2020.

<https://www.pm.gov.au/media/supporting-australian-workers-and-business>

STIMULUS PACKAGE 2

Support for workers and households

Coronavirus supplement

The Government is temporarily expanding eligibility to income support payments and establishing a new, time-limited Coronavirus supplement to be paid at a rate of \$550 per fortnight. This will be paid to both existing and new recipients of the Jobseeker Payment, Youth Allowance jobseeker, Parenting Payment, Farm Household Allowance and Special Benefit.

The Coronavirus supplement will be paid for the next 6 months. Eligible income support recipients will receive the full amount of the \$550 Coronavirus supplement on top of their payment each fortnight.

Payments to support households

In addition to the \$750 stimulus payment announced on 12 March 2020, the Government will provide a further \$750 payment to social security and veteran income support recipients and eligible concession card holders, except for those who are receiving an income support payment that is eligible to receive the Coronavirus supplement.

This second payment will be made automatically from 13 July 2020.

The first payment will be made from 31 March 2020 to people who will have been on one of the eligible payments any time between 12 March 2020 and 13 April 2020.

SO, THIS MEANS REGISTER WITH CENTRELINK EARLY, DON'T DELAY.

Early release of superannuation

The Government will allow individuals in financial stress as a result of the Coronavirus to access up to \$10,000 of their superannuation in 2019-20 and a further \$10,000 in 2020-21. This is available from mid April.

Eligible individuals will be able to apply online through www.my.gov.au for access of up to \$10,000 of their superannuation before 1 July 2020. They will also be able to access up to a further \$10,000 from 1 July 2020 for another three months. They will not need to pay tax on amounts released and the money they withdraw will not affect Centrelink or Veterans' Affairs payments.

To be Eligible:

- Unemployed, or
- Eligible to receive centrelink job payments, youth allowance, parenting payments, special benefits or farm allowance, or

- On or after 1 January 2020
 - You were made redundant, or
 - Your working hours were reduced by minimum 20%, or
 - For a sole trader, your business was suspended or has a reduction in turnover of 20% or more

You will need to certify that you meet the above criteria, however the ATO will process the application, then let you and your superannuation fund know. They will then release the funds to you directly. To avoid delays, ensure your fund has your correct details including proof of identity and bank account details.

SMSF will have different arrangement from the above.

Temporarily reduce superannuation minimum drawdown rates

The Government is temporarily reducing superannuation minimum drawdown requirements for account-based pensions and similar products by 50 per cent for 2019-20 and 2020-21. This measure will benefit retirees by providing them with more flexibility as to how they manage their superannuation assets.

Reducing social security deeming rates

On top of the deeming rate changes made at the time of the first package, the Government is reducing the deeming rates by a further 0.25 percentage points to reflect the latest rate reductions by the RBA.

As of 1 May 2020, the lower deeming rate will be 0.25 per cent and the upper deeming rate will be 2.25 per cent.

Assistance to business to keep people in a job

Boosting Cash Flow for Employers

The Government is providing up to \$100,000 to eligible small and medium sized businesses, and not-for-profits (including charities) that employ people, with a minimum payment of \$20,000. These payments will help businesses' and not-for-profits' cash flow so they can keep operating, pay their rent, electricity and other bills and retain staff.

Under the enhanced scheme from the first package, employers will receive a payment equal to 100 per cent of their salary and wages withheld (up from 50 per cent), with the maximum payment being increased from \$25,000 to \$50,000. In addition, the minimum payment is being increased from \$2,000 to \$10,000. The payment will be available from 28 April 2020.

The payments are tax free, there will be no new forms and payments will flow automatically through the ATO. Nothing needs to be applied for, it is an automatic calculation based on the March BAS (or March BAS x 3 for monthly lodgers).

Small and medium business entities with aggregated annual turnover under \$50 million and that employed workers prior to 12 March 2020 are eligible.

An additional payment is also being made from 28 July 2020 based on the April – June BAS the same as above. The business must continue to be active to qualify for this additional payment.

IF YOU CURRENTLY OWE MONEY TO THE ATO, THIS MEASURE WILL BE APPLIED TO THE OUTSTANDING DEBT.

Apprentices and Trainees

Eligible employers can apply through their Australian Apprenticeship Support Network Provider for a wage subsidy of 50% of apprentice or trainee wages paid during the 9 months from 1 January 2020 to 30 September 2020. The subsidy goes with the apprentice if the business is not able to keep the apprentice. Apply from 2 April 2020 until 31 December 2020.

Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice (\$7,000 per quarter).

Regulatory protection and financial support for businesses to stay in business

Coronavirus SME Guarantee Scheme

The Government will establish the Coronavirus SME Guarantee Scheme which will guarantee 50 per cent of new loans issued by eligible lenders to SMEs.

Under the scheme these loans will be short-term unsecured loans of up to 3 years, with repayments deferred for 6 months, of up to \$250,000.

The Scheme will complement the announcement the Government has made to cut red-tape to allow SMEs to get access to credit faster. It also complements announcements made by Australian banks to support small businesses with their existing loans.

Contact your bank to discuss your options.

Small Business Loan Repayments Suspended

If you have a small business loan you will be able to defer the repayments for six months. You need to contact your bank to discuss these options.

ATO Relief

The ATO are not automatically applying any relief measures such as payment deferrals, instalment variations etc but are looking at each case individually. This means you need to call them on 13 11 42 to discuss how they can help you.

Providing temporary relief for financially distressed businesses

The Government is temporarily increasing the threshold at which creditors can issue a statutory demand on a company and the time companies must respond to statutory demands they receive. The package also includes temporary relief for directors from any personal liability for trading while insolvent. The Corporations Act 2001 will be amended to provide temporary and targeted relief for companies to deal with unforeseen events that arise as a result of the Coronavirus.

This builds on the support for business and business investment provided in our first economic support package, which included:

- increasing the instant asset write off
- backing business investment by providing accelerated depreciation deductions
- supporting apprentices and trainees
- targeted support for Coronavirus-affected regions and communities

<https://www.premier.vic.gov.au/#results>

Victorian Survival Package

Payroll Tax

Full refund of payroll tax paid during 2019-2020 financial year for businesses with payroll of less than \$3 million. Refunds will start from next week.

These businesses will also be able to defer any payroll tax for the first 3 months of the 2020/2021 financial year until 1/1/2021.

Land Tax

2020 land tax payments will be deferred for eligible small businesses

Commercial Tenants

In a government building, tenants can apply for rent relief.

Supplier Invoices

Government will pay all outstanding invoices within 5 days and waive liquor licensing fees for 2020.

Business Support Fund

Government will create a business support fund to help the hardest hit sectors, including hospitality, tourism, accommodation, arts, entertainment and retail.

Working for Victoria Fund

Government will create a working for Victoria fund to help workers who have lost their jobs find new opportunities, including cleaning public infrastructure, delivering food etc as a response to the pandemic needs.

<https://www.pm.gov.au/media/economic-stimulus-package>

STIMULUS PACKAGE 1

Cash flow assistance for businesses

- \$1.3 billion to support small businesses to support the jobs of around 120,000 apprentices and trainees. Eligible employers can apply for a wage subsidy of 50 per cent of the apprentice's or trainee's wage for up to 9 months from 1 January 2020 to 30 September 2020. Where a small business is not able to retain an apprentice, the subsidy will be available to a new employer that employs that apprentice.

Delivering support for business investment

- \$700 million to increase the instant asset write off threshold from \$30,000 to \$150,000 and expand access to include businesses with aggregated annual turnover of less than \$500 million (up from \$50 million) until 30 June 2020. For example, assets that may be able to be immediately written off are a concrete tank for a builder, a tractor for a farming business, and a truck for a delivery business.
- \$3.2 billion to back business investment by providing a time limited 15-month investment incentive (through to 30 June 2021) to support business investment and economic growth over the short term, by accelerating depreciation deductions. Businesses with a turnover of less than \$500 million will be able to deduct an additional 50 per cent of the asset cost in the year of purchase.

The Government is also offering administrative relief for certain tax obligations, including deferring tax payments up to four months. This is like relief provided following the bushfires for taxpayers affected by the coronavirus, on a case-by-case basis. The ATO will set up a temporary shop front in Cairns within the next few weeks with dedicated staff specialising in assisting small business. In addition, the ATO will consider ways to enhance its presence in other significantly affected regions to make it easier for people to apply for relief, including considering further temporary shop fronts and face-to-face options.

Please remember, we are all in this together.

If you are able, pay your suppliers and work with your employee's.

That will be the quickest way to get the economy working again once this is over.

This is short-term problem that we all need to work through.

IF YOU HAVE ANY QUERIES REGARDING ANY OF THIS OR NEED FURTHER HELP, PLEASE LET US
KNOW AT

GEELONG ACCOUNTING ON 5229 4311

OR EMAIL ME AT KELLY@GEELONGACCOUNTING.COM.AU