



On Sunday 22 March 2020, the Federal Government released a \$66.1 billion stimulus package, with total stimulus equating to nearly 10% of Australia's Gross Domestic Product (GDP).

The aim of the package is to provide cash flow support for businesses up to \$100,000, income support payments for individuals, targeted changes to the superannuation rules and relaxation of director liability and corporate insolvency laws.

While all the measures haven't been legislated yet, it is likely that they will be passed. Parliament met last night (Monday 23<sup>rd</sup> March) and we are waiting to hear if the measures have been legislated.

## 1) Support for Businesses

### ❖ 100% Cashback on PAYG Withholding, up to \$100,000

The Government is providing businesses with annual aggregated turnover of less than \$50 million, that employ people up to \$100,000, with a minimum payment of \$20,000 in total, over a 10 month period.

In the 2020 financial year employers will receive a payment equal to 100% of their salary and wages withheld (PAYGW), up to a maximum \$50,000. The minimum payment will be \$10,000.

Quarterly lodgers will be eligible to receive payments for the quarters ending March 2020 and June 2020.

Monthly lodgers will be eligible to receive the payment for March 2020, April 2020, May 2020 and June 2020 lodgements. To provide similar treatment to quarterly lodgers, the payments for monthly lodgers will be calculated as 300% of the PAYGW in the March 2020 Activity Statement.

**The payments will be tax free and delivered by the ATO as a credit in your Business Activity Statement (BAS) from 28 April 2020.** Where the credit places the business into a refund position, the ATO will deliver the refund within 14 days.

The benefit is for limited time only and applies to the PAYGW on wages between 1 January 2020 and 30 June 2020.

An additional payment will be available to in the 2021 Financial Year from July-October 2020 period and will equal the total payments previously received. This means that eligible entities will receive at least \$20,000, up to a total of \$100,000 under both payments. To qualify for the additional payment, the business must continue to be active.

If for example you have spent more than \$50,000 in PAYGW for the 6-month period between 1 January and 30 June 2020, you will be eligible to receive \$100,000 in total from the Government. If you have spent \$30,000 in PAYGW for the same period, you will get \$60,000 in total.

**Timing:** Available from 28<sup>th</sup> April

**Eligibility:** Small and medium business entity employers and not-for-profit entities, with an aggregated annual turnover under \$50 million who were active employers prior to 12 March 2020

**How to Apply:** This credit will automatically be processed upon lodgement of your BAS or IAS – no new or additional forms are required.

If we don't lodge your BAS or IAS, and you need assistance, please don't hesitate to contact us

For more information, [click here](#).

#### ❖ 50% subsidy on apprentice wages, up to \$21,000

Eligible employers can apply for a wage subsidy of 50% of apprentice or trainee wages for up to 9 months from 1 January 2020 to 30 September 2020 (up to a maximum of \$21,000 per eligible apprentice or trainee).

If a small business is not able to retain an apprentice, the subsidy will be available to a new employer that employs that apprentice.

**Timing:** **Employers can register from early April 2020** and final claims for payment must be lodged by 31 December 2020

**Eligibility:** The apprentice or trainee must have been in training with a small business as at 1 March 2020

#### ❖ Instant asset write-off increase

For new or second-hand assets first used or installed ready for use from 12 March until 30 June 2020, the instant asset write-off threshold will be increased from \$30,000 to \$150,000 for businesses with aggregated annual turnover of less than \$500 million (up from the current \$50 million threshold). The threshold applies on a per asset basis, so eligible businesses can immediately write-off multiple assets.

#### Key points

- The asset must be first used or installed by 30 June 2020

#### ❖ 50% investment incentive

The Government is introducing a time limited 15-month investment incentive (to 30 June 2021). Businesses with aggregated annual turnover of less than \$500 million per annum will be entitled to accelerated depreciation deductions. Eligible businesses will be able to deduct 50% of the cost of an eligible asset upon installation. Assets must be acquired after 12 March 2020 and first used or installed by 30 June 2021.

There is no asset value threshold for this 50% investment incentive and the existing depreciation rules will continue to apply to the remaining balance of the asset's cost over its effective life. Therefore, an eligible asset will generate the immediate deduction of 50%, plus in the same year will generate a Division 40 depreciation deduction calculated in accordance with the normal depreciation rules.

**Exclusions are:**

- Does not apply if using the instant asset write-off for the asset.
- Does not apply if you entered into a contract to purchase, started constructing the asset or started to hold it after 12 March 2020.
- Does not apply to second-hand assets, capital works or assets outside Australia.

**Timing:** The deduction will be processed on the preparation and lodgement of your 2020 or 2021 income tax return – depending on the timing of the installation of the asset.

### ❖ Tax Payment Deferrals

The ATO has announced a series of payment deferral concessions for businesses directly impacted by COVID-19. These concessions include:

- Deferring by up to 6 months the payment date of amounts due through the business activity statement (including PAYG instalments), income tax assessments, fringe benefits tax assessments and excise duty.
- Allowing businesses on a quarterly reporting cycle to opt into monthly GST reporting in order to get faster access to GST refunds they may be entitled to.
- Allowing businesses to vary Pay As You Go (PAYG) instalment amounts to zero for the March 2020 quarter. Businesses that vary their PAYG instalment to zero can also claim a refund for any instalments made for the September 2019 and December 2019 quarters.
- Remitting any interest and penalties, incurred on or after 23 January 2020, that have been applied to tax liabilities; and
- Allowing affected businesses to enter into low-interest payment plans for their existing and ongoing tax liabilities

**Timing:** Immediately

**Eligibility:** All business impacted by COVID-19

**How to Apply:** The ATO assistance is not automatic. We have found that the ATO are more responsive when the taxpayer contacts them direct. Please contact our office for some assistance on how to initiate the conversation with the ATO.

For those who aren't clients of CHG Integrated Wealth, you can call the ATO's Emergency Support Infoline on **1800 806 218**

### ❖ Temporary relief for financially distressed businesses

The Government has also announced a series of measures that are aimed at lessening the threat of actions against businesses that could cause them to become insolvent and force them into winding up the business.

These measures include:

- A temporary increase to the threshold from \$2,000 to \$20,000 at which creditors can issue a statutory demand on a company and initiate bankrupt proceedings against an individual.
- The time companies and individuals have to respond to statutory demands they receive will be increased from 21 days to six months.

- Directors are temporarily relieved from any personal liability for trading while insolvent. This will apply for six months.
- New measures that introduce some flexibility to the *Corporations Act 2001* targeted at providing relief from the provisions of the Act to deal with the unforeseen events that arise as a result of the Coronavirus health crisis have been announced.

The Government also announced that the ATO will tailor solutions for owners and directors that are currently struggling due to the Coronavirus. The assistance offered by the ATO to business will include a temporary reduction of payments or deferrals of tax liabilities or withholding enforcement of liabilities by not proceeding with actions such as Director Penalty Notices and the wind-up of a business.

It will be more important than ever for business to stay on top of their debtors.

Debts incurred will still be payable by the business. Only those debts incurred in the ordinary course of the business will be subject to the safety net measures.

**Timing: Immediately**

For more information on temporary relief for small businesses - [click here](#).

#### ❖ Supporting the flow of credit

##### Access to working capital for small and medium enterprises (SMEs) – supporting lenders

The Government has announced a [Coronavirus SME guarantee scheme](#) that will guarantee 50% of new loans to SMEs. These loans are new short-term unsecured loans to SMEs to be used for working capital.

SMEs with a turnover of up to \$50 million will be eligible to receive these loans.

The Government will provide eligible lenders with a guarantee for loans with the following terms:

- The maximum total size of loans of \$250,000 per borrower.
- The loans will be up to three years, with an initial six month repayment holiday.
- The loans will be in the form of unsecured finance, meaning that borrowers will not have to provide an asset as security for the loan.

Loans will be subject to lenders' credit assessment processes with the expectation that lenders will look through the cycle to sensibly take into account the uncertainty of the current economic conditions.

This latest measure builds on the previous initiatives to ensure small business can access capital, including:

- [An exemption to the responsible lending obligations](#) to enable financial institutions to provide new credit, credit limit increases, and credit variations and restructures,
- [\\$15bn to the Australian Office of Financial Management](#) to invest in wholesale funding markets used by small banks and non-banks to enable these lenders to support SMEs, and
- [Australian Banking Association](#) members will defer loan repayments for 6 months for small businesses (affected small businesses will need to apply for relief). Click here for more info - [click here](#).

<b>Timing:</b>	The Coronavirus SME Guarantee Scheme will commence by early April 2020 and will be available for new loans made by participating lenders until 30 September 2020
<b>Eligibility:</b>	<b>SME's with a turnover up to \$50 million</b>
<b>How to Apply:</b>	Contact our finance team directly to discuss your personal circumstances

For more information [click here](#).

## Banks and Lending Institutions

There has been specific COVID-19 policy and packages released by nearly all the banking lending institutions. The easiest way to access this information is to go direct to their website.

### COVID – 19 Loan Relief

Depending on the lender, banks will be offering a period of repayment relief for those affected by Covid-19. This will range from a deferral of loan repayments for 3 months up to a period of 6 months. This relief package is being assessed on a case-by-case basis. Lenders are starting to release final details around this package but are subject to change.

### What happens to the customers' repayments at the end of the COVID-19 Assistance period?

At the end of the COVID-19 Assistance period, their repayments will start again.

They have two options to catch up on the repayments that were put on hold:

- They can keep their original loan term and their repayments will be adjusted to ensure they pay their loan off over the original loan term, or
- The loan term can be extended by a period equal to the duration of the assistance provided (up to six months) and their repayments will be adjusted accordingly. If at the end of the COVID-19 Assistance period, they continue to have difficulty meeting their repayments they can discuss options with their lender

### Does taking up the COVID-19 Assistance offering impact the customers' credit rating?

At this stage, the answer is no. However, we will keep you informed if this changes. If you are eligible for the COVID-19 Assistance offering, your credit rating will not be impacted during this period.

### Things to note:

- This is not an interest-free period. Interest will be capitalised on to your loan after the deferral repayment period ends.
- Banks are working to waive restructuring and consolidation fees
- Banks are offering discounts on business and personal loans to assist with cash flow restraints.
- Banks are looking at options to waive early exit fees on term deposits.

We are also here to assist directly. Please fill in this web form to provide us with the vital details so we can plan how to best assist you. [Click here](#).

Alternatively contact our finance team in the office directly by calling 07 5599 5747 and asking for the finance team.

## ❖ State Government

### o NSW

#### Payroll Tax Concessions

For businesses whose total grouped Australian wages for the 2020 financial year is less than \$10 million:

- will have their annual tax liability reduced by 25% when they lodge their annual reconciliation, which is due on 28 July;
- For those taxpayers who lodge and pay monthly, no payment is required for the months of March, April or May 2020;
- When lodging your annual reconciliation, you will still need to provide wage details paid in these months and will receive the benefit of a 25% reduction in the amount of tax you would have had to pay for 2019-20.

**Time and Eligibility:** This will be automatically applied for the payroll tax returns covering above mentioned periods.

#### Other Concessions

The NSW government has also announced the following concessions:

- The raising of the NSW payroll tax threshold to \$1 million as from July 2020 up from \$900,000; and
- a waiver of a range of fees and charges for small businesses including bars, cafes, restaurants and tradies.

### o QLD

#### Payroll Tax Concessions

For businesses who pay \$6.5 million or less in Australia taxable wages, you maybe receive the following concessions:

- a refund of your payroll tax for two months
- a payroll tax holiday (no payroll tax to be paid) for 3 months
- payment deferrals until 14 January 2021

Eligible businesses should receive an email advising them of their eligibility. If you don't receive an email but believe you are entitled to the above concessions, you can complete a form online.

#### Interest Free State Government Loans

- The QLD Government will offer \$500 million in loans to eligible businesses to retain employees and maintain operations. Details are:
  - o Loans up to \$250,000
  - o First 12 months interest free
  - o Currently taking expressions of interest before rolling out the concessional loans

**Timing and eligibility:** [Click here](#) for expressions of interest page.

## 2) Support for Individuals

### ❖ Superannuation

#### Early release of superannuation

The government has announced that individuals are allowed to withdraw up to \$20,000 from their superannuation over the 2020 and 2021 financial year. A maximum of \$10,000 in each 2020 and 2021 financial years is allowed under the rules.

The payment from a superannuation fund is tax free to the individual upon application to the superannuation fund on compassionate grounds. One of the following must be satisfied to withdraw amounts from your superannuation:

1. You are unemployed; or
2. On or after 1 January 2020 you were made redundant; or
3. On or after 1 January 2020 your working hours have reduced by 20% or more; or
4. On or after 1 January 2020 you are a sole trader and your business is suspended or there is a reduction in turnover of 20% or more; or
5. You receive certain Centrelink payments including youth allowance for job seekers, job seekers payment, parenting payments and special benefits or farm household allowances.

Applications can be made directly to the ATO through the myGov website: [www.my.gov.au](http://www.my.gov.au) and you will be apply to apply for early release of your superannuation from mid-April 2020.

[Click here](#) for early release of super.

#### Reduce the minimum payment amounts for accounts-based pensions

The government has halved the minimum yearly repayments for account-based pensions, starting from 4% down to 4% to the maximum minimum percentage of 14% down to 7%, for the 2020 and 2021 financial years.

This can benefit retirees with account-based pension and similar products by reducing the need to sell investment assets to fund minimum drawdown requirements.

### ❖ Fortnightly \$550 'Coronavirus supplement'

For the next 6 months, the Government is introducing a new Coronavirus supplement to be paid at a rate of \$550 per fortnight. This supplement will be paid to both existing and new recipients in the eligible payment categories.

The payment will be made to those receiving:

- Jobseeker payment (and those transitioning to the jobseeker payment)
- Youth allowance jobseeker
- Parenting payment
- Farm household allowance
- Special benefits recipients

In addition, eligibility to income support payments will be expanded to:

- Permanent employees who are stood down or lose their job
- Casual workers
- Sole traders

- The self-employed
- Contract workers who meet the income test

The Government notes that these criteria could include those required to care for someone affected by the Coronavirus.

Asset testing has also been reduced and will be waived for 6 months. Income testing will still apply.

The payment is not available if you have access to any employer entitlements such as annual or sick leave or income protection insurance.

### **More**

- Income Support for individuals - [click here](#).

The overarching message we would like to stress to you is we are here to help. Please contact our office if we can assist in any way