

Coronavirus Stimulus Package – What’s In It For You?

The Federal Government has recently announced their \$17.6 billion investment package to support the economy as we deal with the impact of the Coronavirus. The full details of this package will be tabled to parliament on the 23rd March 2020. The package consists of four key measures and here’s what we know so far.

1. Business Investment

Increase and extension of the instant asset write-off

From 12 March 2020, the instant asset write-off threshold will *increase from \$30,000 to \$150,000* and now includes businesses with aggregated annual turnover of less than \$500 million until 30 June 2020. The applicable instant asset write-off thresholds, key dates and aggregated turnover details you need to be aware of are as follows:

Key Dates	Small Business <i>(aggregated turnover <\$10 million)</i>	Medium Business <i>(aggregated turnover <\$50 million)</i>	Large Business <i>(aggregated turnover <\$500 million)</i>
1 July 2018 – 28 January 2019	\$20,000		
29 January 2019 – 2 April 2019	\$25,000		
2 April 2019 – 12 March 2020	\$30,000	\$30,000	
12 March 2020 – 30 June 2020	\$150,000	\$150,000	\$150,000

The instant asset write-off applies to depreciable assets that are installed ready for use by the relevant dates.

Accelerated Depreciation Deductions

In addition to the instant asset write-off, trading businesses with aggregated turnover <\$500million now have access to accelerated depreciation deductions from *12 March 2020 until 30 June 2021*. This deduction will apply to businesses who purchase depreciable assets above the \$150,000 instant asset write-off threshold and allow you to deduct 50% of the cost of this asset if purchased and installed ready for use between the above dates.

2. Cash flow assistance for small and medium sized businesses (SME's)

Cash flow support on lodgement of Business Activity Statements (BAS)

SME's with aggregated annual turnover under \$50 million (based on prior year turnover) will be eligible for *tax-free cash flow support between \$2,000 and \$25,000*. This is not a direct cash payment but a credit equal to 50% of the PAYG amounts withheld from salary and wages paid to employees, up to a maximum \$25,000. The employer will need to lodge a BAS to trigger the entitlement.

If the credit applied to your BAS puts your business in a refund position the excess amount will be refunded by the ATO within 14 days. For employers who pay salary and wages but are not required to withhold PAYG (for example, if employees are under the tax-free threshold) then a minimum \$2,000 payment will still be paid.

The credits apply to PAYG withhold from salary and wages between *1 January 2020 and 30 June 2020*. Businesses who lodge their BAS monthly will access the credits upon lodgement of their March, April, May and June 2020 BAS lodgements. Quarterly BAS lodgements will be paid at an accelerated rate of 150% of your credit entitlement in the March 2020 BAS and the remainder on lodgement of your June 2020 BAS.

Wage subsidies paid to Apprentices

Employers with less than 20 full-time employees who have a apprentices or trainees as at 1 March 2020 can apply for a *wage subsidy of 50% of the apprentice or trainees wage* paid during the 9 months from 1 January 2020 to 30 September 2020. Employers will receive up to \$21,000 per apprentice (paid at \$7,000 per quarter). It is expected that employers will be able to register for the subsidy from early April 2020.

3. Stimulus payments to Individuals

A one-off, tax-free \$750 cash payment will be made to pensioners, social security, veteran and other income support recipients and eligible concession card holders. Payments will be made from 31 March 2020 on a progressive basis with 90% of eligible recipients expected to receive their payment by mid-April 2020.

Casual employees who are required to self-isolate or who contract coronavirus will now also be eligible for a sickness allowance (now called JobSeeker Payment) from 20 March 2020.



4. Targeted support for severely affected sectors, regions and communities

Additional support will be made available to those regions and communities disproportionately affected by the economic impacts of the Coronavirus. Tourism, agriculture and education will be specifically supported.

Initial support measures announced to date:

1. Waiver of fees and charges for tourism businesses that operate in the Great Barrier Reef Marine Park and Commonwealth National Parks
2. Additional assistance to help businesses identify alternative export markets or supply chains
3. Measures to promote domestic tourism.

Further plans are being developed, however the ATO will establish a temporary shop front in Cairns within the next few weeks to support the region's small businesses.

ATO Support

The ATO are implementing a series of relief options to businesses experiencing financial difficulty as a result of the Coronavirus. These packages centre around administrative relief for certain tax obligations including:

- Deferring by up to four months the payment date of amounts due through the business activity statement (including PAYG instalments), income tax assessments, fringe benefits tax assessments and excise;
- Allow businesses on a quarterly reporting cycle to opt into monthly GST reporting in order to get quicker 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
- Working with affected businesses to help them pay their existing and ongoing tax liabilities by allowing them to enter into low interest payment plans.

These support measures are **not automatically applied** to your accounts with the ATO. The ATO has established an Emergency Support Infoline on 1800 806 218 for help tailored to your circumstances. It is important that you discuss your individual business impact with your SRJWW Advisor before contacting the ATO. We will be happy to guide you through these support options.

If you have any questions regarding the stimulus package or ATO support, please contact your SRJWW advisor.