

NewsAlert: Government Stimulus Package Announcement

The Federal Government recently announced a \$17.6 billion stimulus package to counteract the economic impact of Covid-19 (Coronavirus).

The package will provide small businesses and welfare recipients with a one-off cash payment, while also extending existing benefits such as the instant asset write off. The stimulus measures will be spread over this financial year and next to support the economy and avoid recession.

The key element of the stimulus package are:

1. Instant asset write off extension & accelerated depreciation

- Extension of the instant asset write off to assets up to \$150,000;
- Available to businesses with turnover of up to \$500 million;
- Increased asset value and turnover limits apply immediately up until 30 June 2020;
- Previously a \$30,000 write off was available for businesses with turnover less than \$50 million;
- Instant asset write off due to revert to \$1,000 for businesses with turnover up to \$10 million from 1 July 2020;
- For assets not eligible for immediate write off, until 30 June 2021 businesses with turnover up to \$500 million will be able to deduct 50% of the cost of an eligible asset, with existing depreciation rules applying to the balance of the asset's cost from the date of purchase;

2. Cash payments for small businesses

- Cash payments of between \$2,000 and \$25,000 for eligible small businesses to assist with payment of wages or hiring extra staff;
- Payments will be tax free;
- Available to businesses with turnover up to \$50 million that employ staff;
- Minimum payment of \$2,000 for businesses that pay salary and wages;
- Additional amounts will be equal to 50% of the amount withheld on employees' salary and wages during the March and June 2020 quarters;
- Payment will be credited to the BAS lodgements from March 2020;

3. Apprentice & trainee support

- \$1.3 billion in support payments to keep almost 120,000 apprentices employed;
- Available to small businesses with fewer than 20 full-time workers;
- Up to \$7,000 in wage assistance for each apprentice per quarter, backdated to 1 January
- Applicable to retaining existing apprentices and the re-employment of those who lose their position as a result of the Coronavirus;
- Limited to 50% of the apprentice's or trainee's wage until the end of September, up to \$21,000 per employee;
- Employers can register for the subsidy from early April 2020;



4. Welfare extensions

- Additional one-off cash payments of \$750 to existing recipients of various welfare payments from 31 March 2020;
- Available to pensioners, other social security and veteran income support recipients;
- Payment will be tax free & automatically paid by Services Australia by mid April 2020 (in most cases);
- Casual workers who have self-isolated will also be eligible for Newstart while out of work;
- Typical wait times to access the payment will be waived, but applicants will still need to pass an assets test;

5. Healthcare boost

- \$2.4 billion package for healthcare costs to combat the virus;
- 100 new pop-up fever clinics to be established across the country;
- Creation of a new Medicare item for telehealth services;
- More than \$1 billion allocated for medical stockpiles;

The Government has also set aside a further \$1 billion to support those regions and communities that have been disproportionately affected by the economic impacts of Coronavirus. This includes regions heavily reliant on the tourism, education and agriculture industries.

ATO Support

The ATO has also announced it will provide administrative relief for certain tax obligations for taxpayers affected by the Coronavirus outbreak, on a case by case basis.

This includes:

- Deferring by up to four months the payment date of amounts due through the business activity statement, PAYG instalments, income tax assessments, FBT assessments and excise;
- Allowing businesses on a quarterly reporting cycle to opt into monthly GST reporting in order to access GST refunds quicker;
- Allowing businesses to vary PAYG instalments to zero for the March 2020 quarter. Businesses that vary their PAYG instalments 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;
- Working with affected businesses to help them pay their existing and ongoing tax liabilities by allowing them to enter into low interest payment plans.

Importantly, employers will still be required to meet their ongoing super guarantee obligations for their employees.

The ATO will also provide support to individual taxpayers on a case by case basis.

The stimulus package of Bills will be introduced to Parliament later this month for urgent consideration and passage. Measures will be implemented according to the relevant start dates mentioned above (subject to change) and the Bills receiving Royal Assent.

Should you have any questions regarding the stimulus package or wish to discuss the support available to you, please don't hesitate to contact our office.
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