



COVID-19 GOVERNMENT ECONOMIC RESPONSE

BUSINESS MEASURES

MAINTAIN JOBS

The following measures are designed to assist Australian businesses and economic growth in the short term:

INCREASING THE INSTANT ASSET WRITE-OFF

- Businesses with a turnover of less than \$500 million can between 12 March and 30 June 2020 claim a full depreciation tax deduction in 2020 financial year for any individual asset costing less than \$150,000.
- The \$150,000 threshold applies on a per asset basis so eligible businesses can immediately write-off multiple assets
- Applies for new or second-hand assets first used or installed ready for use by 30 June 2020.

INVESTMENT INCENTIVE

- A time-limited 15-month investment incentive (through to 30 June 2021) which will operate to accelerate certain depreciation deductions.
- This measure will also be available to businesses with a turnover of less than \$500 million, which will be able to immediately deduct 50% of the cost of an eligible asset on installation, with existing depreciation rules applying to the balance of the asset's cost.
- As announced, this measure is proposed to only apply to new depreciating assets first used, or installed ready for use, by 30 June 2021.

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CASHFLOW ASSISTANCE

The following measures are designed to support employers, employees and improve business confidence:

BOOSTING CASHFLOW FOR EMPLOYERS

- Will provide a tax-free payment up to \$100,000 back to business, with a minimum payment of \$20,000 for eligible businesses, with a turnover of less than \$50 million. A credit will be issued upon the lodgement of any Activity Statements (BAS & IAS) for the months of March to September inclusive.
- Eligible businesses who withhold tax from employees' wages will get a credit for 100% of that withholding up to a maximum of \$100,000.
- Any business that pays wages will get a minimum of \$20,000 credit against their Activity Statement.
- If the credit results in a refund then the ATO will pay that refund to the employer within 14 days.
- The payment is split over the 2020 and 2021 financial years. That is, a maximum of \$50,000 reduction in Pay As You Go (PAYG) withholding and a minimum payment of \$10,000 for March to June, then again from July to October on all lodged IAS's and BAS's.

SUPPORTING APPRENTICES AND TRAINEES

- Eligible employers can apply for a wage subsidy of 50 per cent of the apprentice's or trainee's wage paid during the 9 months from 1 January 2020 to 30 September 2020 (and this subsidy will be available to a new employer where the business is unable to retain an apprentice)

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- Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (i.e. \$7,000 per quarter)
- Eligible small businesses are those employing fewer than 20 full-time employees who retain an apprentice or trainee (with the apprentice or trainee being in training with a small business as at 1 March 2020)
- Employers will be able to access the subsidy after an eligibility assessment is undertaken by an Australian Apprenticeship Support Network provider.

JOBKEEPER MEASURE

Employers will be eligible for the subsidy if:

- their business has a turnover of less than \$1 billion and their turnover will be reduced by more than 30 per cent relative to a comparable period a year ago (of at least a month); or
- their business has a turnover of \$1 billion or more and their turnover will be reduced by more than 50 per cent relative to a comparable period a year ago (of at least a month); and
- the business is not subject to the Major Bank Levy. The employer must have been in an employment relationship with eligible employees as at 1 March 2020, and confirm that each eligible employee is currently engaged in order to receive JobKeeper Payments. Not-for-profit entities (including charities) and self-employed individuals (businesses without employees) that meet the turnover tests that apply for businesses are eligible to apply for JobKeeper Payments.

Eligible employees are employees who:

- are currently employed by the eligible employer (including those stood down or re-hired);

BUSINESS MEASURES

- were employed by the employer at 1 March 2020;
- are full-time, part-time, or long-term casuals (a casual employed on a regular basis for longer than 12 months as at 1 March 2020);
- are at least 16 years of age;• are an Australian citizen, the holder of a permanent visa, a Protected Special Category Visa Holder, a non-protected Special Category Visa Holder who has been residing continually in Australia for 10 years or more, or a Special Category (Subclass 444) Visa Holder; and
- are not in receipt of a JobKeeper Payment from another employer. If your employees receive the JobKeeper Payment, this may affect their eligibility for payments from Services Australia as they must report their JobKeeper Payment as income.

ASSISTANCE FOR COMMUNITIES



SEVERELY AFFECTED REGIONS

Funds will be available to assist during the next few months and over the year ahead to ensure these communities are well placed to recover:

SUPPORT FOR CORONAVIRUS-AFFECTED REGIONS AND COMMUNITIES

- An initial \$1 billion allocation to support regions and communities disproportionately affected by the economic impacts of the Coronavirus (e.g. tourism, agriculture, education) that will be provided through existing or newly established Government programs.
- The Minister for Trade, Tourism and Investment will work with affected industries and communities to develop recovery plans and measures.

ATO ADMINISTRATIVE RELIEF

- The ATO will provide administrative relief for certain tax obligations for taxpayers affected by the Coronavirus outbreak, on a case-by-case basis.
- The ATO will setup a temporary shopfront in Cairns with a dedicated staff specialising in assisting small business (and will consider presence in other regions as well).

ASSISTANCE FOR INDIVIDUALS



PAYMENTS FOR HOUSEHOLDS

This measure is designed to assist around 6.5 million lower income Australians, including pensioners and social security and veteran income support recipients:

- The Government will provide a two extra payments \$750 payment (with one payment per recipient), one from 31 March 2020 and the second from 13 July 2020.
- The payment will be tax-exempt and will not count as income or Social Security, Farm Household Allowance and Veteran Payments.
- Eligible recipients are those residing in Australia and who are receiving a payment specified by the Government (such as the Age Pension, Carer Payment, Newstart Allowance, etc) or hold a concession card on 12 March 2020.
- The one-off payment will be paid automatically from 31 March 2020 by Services Australia or Veterans' Affairs.
- Over the next six months, 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 JobSeeker Payment, Youth Allowance Jobseeker, Parenting Payment, Farm Household Allowance and Special Benefit.

SUPERANNUATION

- 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 holding these products by reducing the need to sell investment assets to fund minimum drawdown requirements.
- On top of this, the Government is allowing individuals affected by the Coronavirus to access up to \$10,000 of their superannuation in 2019-20 and a further \$10,000 in 2020-21. Individuals will not need to pay tax on amounts released and the money they withdraw will not affect Centrelink or Veterans' Affairs payments.

SUPPORT FOR FLOW OF CREDIT

The government will guarantee 50% to Small and Medium Enterprise (SME) lenders to support new lending to SME's. Total guarantee expected to be \$40 billion.

- The Government is cutting red tape by providing a temporary exemption from responsible lending obligations for lenders providing credit to existing small business customers. This reform will help small businesses get access to credit quickly and efficiently.

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

- o Maximum total size of loans of \$250,000 per borrower.

- o The loans will be up to three years, with an initial six month repayment holiday.

- o 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.

Should you wish to discuss any of the information contained in this document or if you have any questions relating to your personal circumstances, feel free to contact our office.

Mark & the team @ Black & White Accounting Solutions

P 02 4225 7779

E | solutions@bwaccounting.net.au

W | www.bwaccounting.net.au

2/73 Market Street, Wollongong NSW 2500

PO Box 5422, Wollongong NSW 2520



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& White**
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