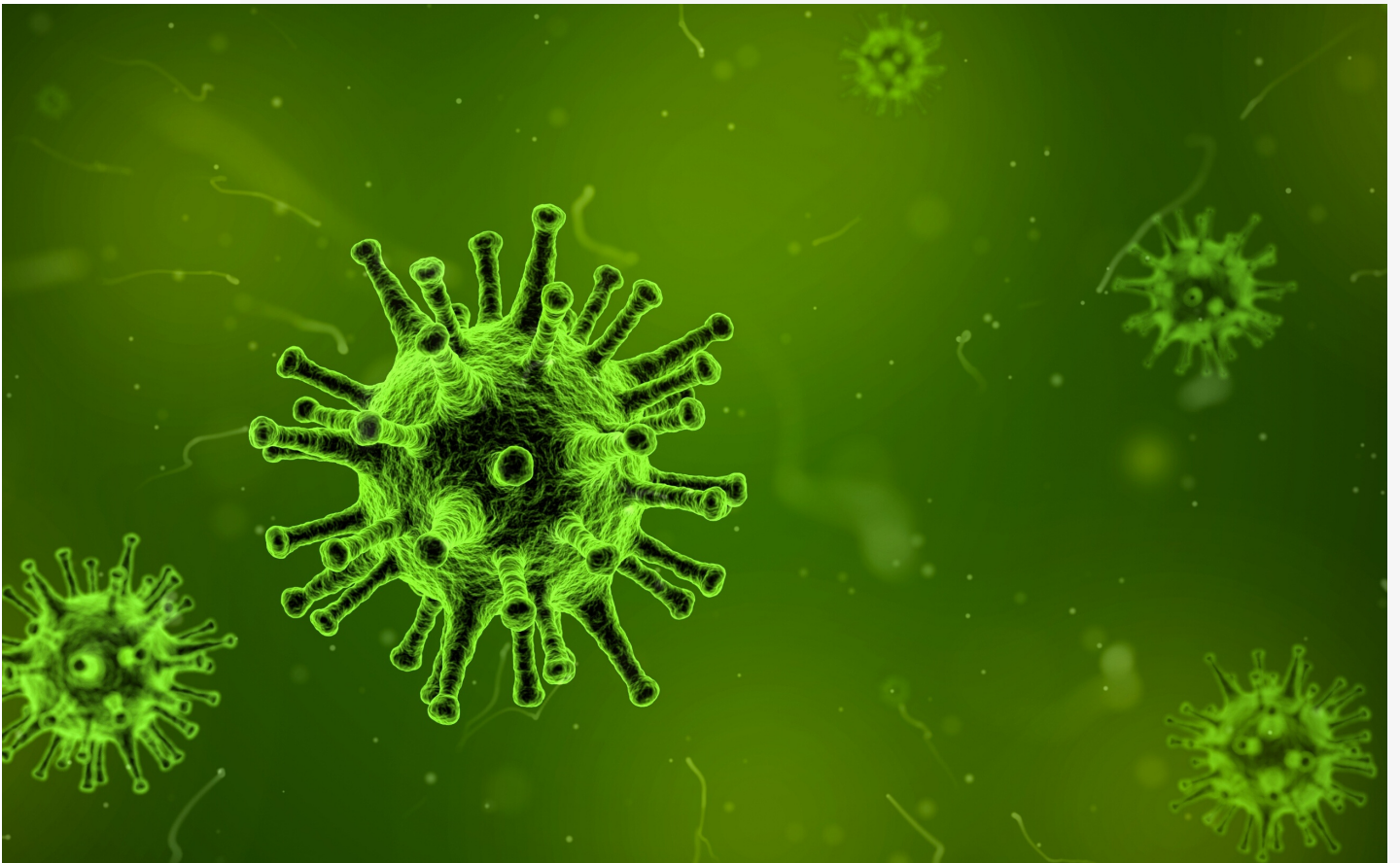


30 MARCH 2020

COVID-19 GOVERNMENT STIMULUS PACKAGE SUMMARY



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FEDERAL GOVERNMENT STIMULUS PACKAGES



THE FEDERAL GOVERNMENT HAS ANNOUNCED A RANGE OF STIMULUS PACKAGES TO ASSIST SMALL TO MEDIUM ENTERPRISES.

THE AIM OF THE PACKAGES ARE TO SUPPORT INVESTMENT, KEEP PEOPLE IN JOBS AND MAINTAIN CONFIDENCE IN THE AUSTRALIAN ECONOMY.

The packages include the following measures:

1. Cash flow assistance for businesses
2. Early Access to superannuation benefits
3. ATO Relief Options
4. Individual Assistance
5. Government underwritten, cash flow loans for SMEs.
6. Australia state-by-state stimulus measures
7. Income Support for Individuals
8. Jobseeker Payment - Information for employer.
9. Assistance for Victorian small businesses impacted by coronavirus (COVID-19)
10. Support from Banks
11. Insolvency and Bankruptcy Law reforms

1. CASH FLOW ASSISTANCE FOR BUSINESSES

Cash flow assistance includes measures to support businesses in managing their cash flow and help businesses retain their employees. The incentives are designed to support small-to-medium businesses as well as not-for-profit organisations.

BOOSTING CASH FLOW FOR EMPLOYERS

In the coming months all small-to-medium businesses with employees will receive between \$20,000 and \$100,000 in the form of a tax-free payment from the ATO when they lodge their activity statements. To be eligible the business needs to turn over less than \$50 million and this only applies to 'active eligible employers established prior to 12 March 2020' and thus is not valid for new companies created after this date.

METHOD & SCHEDULE OF THE CASH FLOW BOOST

The first payment, known as 'boosting cash flow for employers', will be paid as follows:

Businesses that lodge their activity statements on a monthly basis will receive a payment equal to 300% of the PAYGW lodged on the March 2020 BAS and then 100% of the PAYGW lodged on the April, May and June activity statements subject to a \$50,000 cap.

Businesses that lodge their activity statement on a quarterly basis will receive a payment equal to 100% of the PAYGW lodged on their March and June 2020 activity statements subject to a \$50,000 cap.

SUPPORTING APPRENTICES AND TRAINEES

- ELIGIBLE EMPLOYERS CAN APPLY FOR A 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 SAME APPRENTICE.

ADDITIONAL PAYMENTS

A second payment, referred to by the government as 'the additional payment', will be paid to employers who 'continue to be active' as follows:

- Businesses that lodge their activity statements on a monthly basis will receive an additional payment when they lodge their June 2020, July 2020, August 2020 and September 2020 activity statements. Each payment will be equal to 25% of the total received under the 'boosting cash flow for employers' payment.
- Businesses that lodge their activity statement on a quarterly basis will receive an additional payment when they lodge their June 2020 BAS and September 2020 BAS. Each payment will be equal to 50% of the payment they received under the 'boosting cash flow for employers' payment.

The idea is that 'the additional payment' effectively doubles the amount that the employer receives under the 'boosting cash flow for employer's payment'.

The minimum payment eligible employers can expect to receive is \$10,000 per financial year even if their PAYGW is less than that. The first minimum payment of \$10,000 will be paid when the business lodges the March 2020 BAS. The second minimum payment is split into two payments of \$5,000, one for the June 2020 BAS and the other for the September 2020 BAS.

Each of these payments are triggered when an activity statement is lodged.



INSTANT ASSET WRITE OFF INCREASE

BUSINESSES WITH AN AGGREGATED TURNOVER OF LESS THAN \$500 MILLION CAN CLAIM AN IMMEDIATE TAX DEDUCTION FOR ASSETS PURCHASED BETWEEN 12 MARCH 2020 AND 30 JUNE 2020 WITH THE THRESHOLD INCREASED FROM \$30,000 TO \$150,000.

50% INVESTMENT INCENTIVE

ASSETS PURCHASED FOR OVER \$150,000 ARE ENTITLED TO AN ADDITIONAL 50 PERCENT DEPRECIATION RATE OF THE ASSET COST IN THE YEAR OF PURCHASE. THIS NEW DEPRECIATION RATE CAN BE APPLIED TO ASSETS PURCHASED BETWEEN 12 MARCH 2020 AND 30 JUNE 2021.

2. EARLY ACCESS TO SUPERANNUATION BENEFITS

Individuals who are significantly affected by the Coronavirus will be entitled to access up to \$10,000 of their superannuation before July 1 2020.

SUPERANNUATION EARLY ACCESS ELIGIBILITY

Access for a second payment of up to \$10,000 will be made available from July 1 2020 for up to 3 months.

- The person must be eligible to receive some type of Centrelink benefits.
- The person was made redundant after Jan 1 2020.
- The person's working hours were reduced by 20%; or
- The person is a sole trader and their business was suspended or turnover was reduced by 20% or more.

3. ATO RELIEF OPTIONS

BUSINESSES CAN CALL THE ATO'S EMERGENCY SUPPORT INFOLINE (1800 806 218) TO DISCUSS RELIEF OPTIONS BASED ON THEIR NEEDS AND CIRCUMSTANCES.

- Both individuals and businesses can request the deferral of some payments (by up to 4 months) and negotiate a variation in instalment amounts.
- Businesses with turnover under \$20 million can elect to report and pay their GST monthly instead of quarterly to accelerate access to GST refunds, but only from 1 April 2020, and they must then remain on monthly lodgements for 12 months.
- Those who lodge their activity statements on a quarterly basis can vary their PAYG instalments for the March 2020 quarter and claim a refund of instalments paid for the September and December 2019 quarters.
- Businesses can request remittance of interest and penalties applied to tax liabilities incurred after 23 January 2020.
- Businesses can request a low interest payment plan and:
 - Significantly reduce the monthly cost of any existing repayment plan.
 - Defer any forthcoming debt until 31st July 2020

Employers must still meet their SG obligations. Under SGC rules the ATO has no discretion to vary the due dates or waive the SGC if contributions are late/unpaid.



4. INDIVIDUAL ASSISTANCE

SOCIAL SECURITY, VETERANS, OTHER INCOME SUPPORT RECIPIENTS AND ELIGIBLE CONCESSION CARD HOLDERS

Two separate tax-free payments of \$750 will be made to social security, veterans, other income support recipients and eligible concession card holders.

- The first payment will be available after 31st March 2020.
- The second payment will be available from the 10th July 2020

5. GOVERNMENT UNDERWRITTEN CASH FLOW LOANS FOR SMES

THE GOVERNMENT WILL PROVIDE A GUARANTEE OF 50% ON NEW LOANS WRITTEN BY BANKS AND APPROVED LENDERS TO SUPPORT NEW SHORT-TERM UNSECURED LOANS TO SMES.

THE GOVERNMENT IS ESSENTIALLY PROVIDING THE GUARANTEE TO BANKS AND SME LENDERS TO REDUCE THEIR RISK SO THAT THE LENDERS ARE ENCOURAGED TO SUPPLY LOANS TO SMES THAT NEED CASH FOR WORKING CAPITAL.

SMES CAN ACCESS AN UNSECURED BUSINESS LOAN UP TO \$250 THOUSAND FOR THREE YEARS

INTEREST FREE BUSINESS FINANCE PAUSE

Business finance can also be paused for 6 months interest free. After the six months payments and interest will resume as normal.

This includes vehicle finance.

This new type of loan product or adjustment will be issued by banks and lenders specifically tailored to SMEs that have been directly disrupted by COVID-19. Contact your bank/lending institution about this package.

6. AUSTRALIAN STATE-BY-STATE STIMULUS MEASURES

New South Wales

\$3.2 BILLION STIMULUS PACKAGE

- \$1.6 billion devoted to stimulating the local NSW business sector.
- \$80 million of this package allocated to waiving fees and charges to small businesses in the hospitality and trade industries.
- \$450 million in payroll tax exemptions for businesses with payroll tax obligations of up to \$10 million for three months.

Queensland

\$27.25 MILLION FUND

- Towards waiving fees and charges for Queensland-based small businesses in hospitality and tourism.
- A \$500 million loan facility for businesses who need a cash flow injection because of the negative impacts of Covid-19.
- 12 month interest free loans capped at \$250,000
- Payroll tax deferrals for SMEs who have been affected by Covid-19

Western Australia

\$607 MILLION OF RELIEF

- To go toward freezing household bills for residents of WA
- A one-off payment of \$17,500 available to small businesses that pay payroll tax
- The option of deferring payroll tax payments until 21 July 2020

South Australia

\$350 MILLION STIMULUS PACKAGE

- Investments in "road and hospital upgrades", "significant tourism infrastructure" and funding for "Economic and Business Growth Fund to support SA's industry sectors".
- Awaiting updates to be announced regarding the breakdown of these funds.

Victoria

\$1.7 BILLION ECONOMIC SURVIVAL AND JOBS PACKAGE

- For payrolls of less than \$3 million a full payroll tax refund is available for the 2019-2020 financial year. This is a refund, not a loan.
- Ability to defer any payroll tax for the first three months of the 2020/2021 financial year until 1 January 2021
- Rent relief can be applied for by commercial tenants in government buildings. Private landlords are also being encouraged to offer similar relief. As part of this 2020 land tax payments can be deferred for eligible small businesses.
- Waiving of liquor licensing fees for 2020 for affected venues and small businesses in the hospitality industry.

7. INCOME SUPPORT FOR INDIVIDUALS

The Government is temporarily doubling the Jobseeker Payment (Newstart) providing individuals with an additional \$550 per fortnight.

The payment will also be made available to sole traders and casual workers if they meet the income test. The Government will waive asset tests and waiting periods for those applying for the Jobseeker Payment.

The following changes were also announced:

- Including students in the \$550 per fortnight payment increase.
- New powers to increase or expand payments as needed, including pensioners, those on disability support payments, carers and jobseekers.
- Relaxing the test on partner's income for Jobseekers.

8. JOBKEEPER PAYMENT — INFORMATION FOR EMPLOYERS

Under the JobKeeper Payment, businesses impacted by the Coronavirus will be able to access a subsidy from the Government to continue paying their employees. Affected employers will be able to claim a fortnightly payment of \$1,500 per eligible employee from 30 March 2020, for a maximum period of 6 months.

ELIGIBLE employers:

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:

Eligible employees are employees who:

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

You don't need to phone ATO. You can register your interest below and ATO will send you updates.

<https://www.ato.gov.au/general/gen/JobKeeper-payment/>

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9. ASSISTANCE FOR VICTORIAN SMALL BUSINESSES IMPACTED BY CORONAVIRUS (COVID-19)

Funding of \$10,000 per business is available and will be allocated through a grant process. Small businesses are eligible if they:

- employ staff
- have been subject to closure or are highly impacted by Victoria's shutdown restrictions announced to-date
- have a turnover of more than \$75,000
- have payroll of less than \$650,000.

More details about eligibility and guidelines on how to apply below:

<https://www.business.vic.gov.au/support-for-your-business/grants-and-assistance/business-support-fund?fbclid=IwAR0miWzLOImBcQ1A2q8KBg4ZDZay84H8QW97O7ohXHOHhC-LL80Rm69qjtc>

10. SUPPORT FROM BANKS

THE FOLLOWING LINKS INCLUDE INFORMATION RELEASED BY BANKS REGARDING LEVELS OF SUPPORT FOR THEIR CUSTOMERS AS A RESULT OF THE FINANCIAL CHALLENGES PRESENTED BY THE COVID-19 PANDEMIC.

<https://www.bendigobank.com.au/help/coronavirus-assistance-package>

<https://www.commbank.com.au/latest/coronavirus.html>

<https://news.nab.com.au/coronavirus-response/>

<https://www.anz.com.au/promo/covid-19/>

In addition a comprehensive list from the Australian Banking Association with links to your bank's financial hardship teams:

<https://www.ausbanking.org.au/campaigns/financial-hardship>

11. INSOLVENCY AND BANKRUPTCY LAW REFORMS

WITH THE PROACTIVE CHANGES ANNOUNCED BY THE GOVERNMENT, THE AUSTRALIAN SMALL BUSINESSES HAVE BEEN EXTENDED A LIFELINE FOR, AT LEAST, THE NEXT 6 MONTHS.

These are the main changes:

- The thresholds for serving a Statutory Demand upon a company or Bankruptcy Notice upon an individual have increased to \$20,000.00;
- The time frame that debtors will have to comply with Statutory Demands and Bankruptcy Notices has increased from 21 days to 6 months;
- Directors will be provided temporary relief for 6 months from any personal liability for insolvent trading of their companies, where the debts are incurred in the ordinary course of their company's trading. Their companies though will continue to be liable for those debts.

This will help to temporarily relieve the pressure valve in recovery matters, but will not remove the risk of civil action and having to take steps in those actions generally.

There will still also be a need for businesses to continue to plan, and act responsibly and constructively in their particular circumstances, with a view to trying all that is reasonably practical to remain viable during and beyond 6 months.

Integrated Accountants encourages you to speak to your Accountant, Advisor or Financial Institution regarding your specific circumstances.

Above all, now is the time to remain calm, examine what is available for you, and to take positive steps for you, your family, and your business in these trying times.

INTEGRATED ACCOUNTANTS CAN BE CONTACTED ON:

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Liability limited by a scheme approved under professional standards legislation

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