



**Summary Of Government
Stimulus Packages
In Response To COVID-19**

Updated: 30th March 2020



Summary of Government Stimulus Packages

BUSINESS

Federal Government

Business

- JobKeeper Payment for Businesses
- PAYG Withholding 'Cash Back'
- New Assets & Depreciation
- Loan Guarantee
- Apprentices and Trainees
- Tax Relief

Queensland Government

- Payroll Tax
- Job Support loans - Interest Free Loans

Other State Concessions

- New South Wales
- Victoria
- Western Australia
- Tasmania
- South Australia

Other Concessions

- Bank Concessions
- Solvency and Creditor Concessions
- Self-Managed Superannuation Funds

INDIVIDUALS

Federal Government

Individuals

- Early Access to Superannuation
- Minimum Pension Drawdown – Superannuation
- Other Concessions

Federal Government

BUSINESS

JobKeeper Payment for Businesses

A JobKeeper wage subsidy gives businesses \$1,500 per fortnight per eligible employee to keep people working, for the next 6 months.

This is applicable to all businesses and not-for-profits including soles traders, provided that their turnover has been reduced by 30% or more (if the business turnover' was over \$1 billion, the reduction needs to be 50% or more).

Eligible employees are the following who are over 16 years of age and were on the payroll as at 1 March 2020:

- Full-time workers
- Part-time workers
- Casual employees who have been with their employer for at least 12 months
- Sole traders

Each eligible employee must receive at least \$1,500 per fortnight (before tax). For employees that were already receiving this amount from the employer then their income will not change. For employees that have been receiving less than this amount, the employer will need to top up the payment to the employee up to \$1,500, before tax. And for those employees earning more than this amount, the employer is able to provide them with a top-up.

For most businesses, the ATO will use Single Touch Payroll data to pre-populate the employee details for the business.

Payments will be made starting the first week of May and backdated to 30 March 2020.

Applications are to be made with the Australian Taxation Office. Click on the link below for any updates from the Australian Taxation Office. The Australian Taxation Office will notify each registered business when and how to apply.

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

PAYG Withholding 'Cash Back'

Eligible Businesses and Not-for-Profits with an annual turnover of less than \$50 million that employ workers between 1 January 2020 and 30 September 2020 may be eligible to receive a cash flow boost of up to \$100,000. This will be split into two payments as follows:

<i>Payment</i>	<i>Period</i>	<i>Calculation Method</i>	<i>Benefit</i>
Payment 1	1 January 2020 – 30 June 2020	100% of PAYGW	Paid from 28 April 2020 upon lodgement of your activity statements for that period.

			Capped at \$50,000 for the period, with a minimum of \$10,000
Payment 2	1 July 2020 – 30 September 2020	The total cash back credit calculated in the first payment (see below).	Capped at \$50,000 for the period with a minimum of \$10,000.

In relation to Payment 2, if you are monthly lodger you will receive an automatic credit of 25% of payment 1 total upon lodgement of your June 2020, July 2020, August 2020 and September 2020 Activity statements.

If you are a quarterly lodger the payment will be made as an automatic credit of 50% of payment 1 total when you lodge the June 2020 activity statement and the remaining 50% when you lodge the September Activity Statement.

If you usually pay dividends as opposed to wages you may consider changing the treatment of your payment.

The credit will be applied to any existing ATO debt first.

Examples:

1. *Monthly PAYG Withholding*

An employer has PAYG Withholding of \$10,000 on their March 2020 Business Activity Statement and \$8,000 on each of their April, May and June 2020 statements. They will receive the following credits (refundable if no outstanding liabilities):

Payment 1:

<i>21 April 2020</i>	<i>\$30,000</i>
<i>21 May 2020</i>	<i>\$8,000</i>
<i>21 June 2020</i>	<i>\$8,000</i>
<i>21 July 2020</i>	<i>\$4,000 (MAXIMUM \$50,000)</i>

Payment 2:

<i>21 July 2020</i>	<i>\$12,500</i>
<i>21 August 2020</i>	<i>\$12,500</i>
<i>21 September 2020</i>	<i>\$12,500</i>
<i>21 October 2020</i>	<i>\$12,500</i>

2. *Quarterly PAYG Withholding*

An employer has PAYG Withholding of \$30,000 on their March 2020 Business Activity Statement and \$24,000 on their June 2020 Activity Statement. They will receive the following credits (refundable if no outstanding liabilities):

Payment 1:

<i>28 April 2020</i>	<i>\$30,000</i>
<i>28 July 2020</i>	<i>\$20,000 (MAXIMUM \$50,000)</i>

Payment 2:

28 July 2020	\$25,000
28 October 2020	\$25,000

New Assets & Depreciation

The Federal Government has increased the instant asset write off threshold to \$150,000 from 12 March 2020 until 30 June 2020. Businesses with annual turnover of less than \$500 million will have access to this concession.

For eligible businesses other assets (costing more than \$150,000) purchased and installed prior to 30 June 2021 will be able to be depreciated on an accelerated basis with 50% of the asset cost deductible in the year of installation.

Loan Guarantee

The Federal Government is offering to guarantee unsecured loans of up to \$250,000 for a term of up to three years, for loans taken out by small business in the 6 months starting from April 1. Talk to your bank manager about your freezing existing loans repayments and the possibility of applying for more finance given this.

Apprentices and Trainees

Small businesses employing fewer than 20 full-time employees who retain an apprentice or trainee can apply for a wage subsidy on their apprentices/trainees.

This subsidy will come in the form of \$21,000 over three quarters (\$7,000/quarter) between 1 January 2020 and 30 September 2020.

To be eligible, the apprentice or trainee must have been in training as at 1 March 2020.

Tax Relief

If you are having trouble meeting your tax obligations as a result of COVID-19 please don't hesitate to let us know as we can contact the ATO and request the following concessions:

- Deferring payment of Business Activity Statements, Income Tax Liabilities and Fringe Benefits Tax assessments by up to 6 months.
- Allowing businesses to vary PAYG instalment amounts to zero for the March 2020 quarter and claim a refund for any instalments made for the September and December 2019 quarters.
- Remitting interest and penalties incurred after 23 January 2020.
- Establish low interest payment plans for existing debt.
- Changing your activity statement cycle to monthly instead of quarterly if you usually receive GST refunds.

You still need to pay superannuation for your employees on time.

INDIVIDUALS

Early Access to Superannuation

Employees, who have been made redundant, or those who have their working hours reduced by 20 per cent or more or sole traders whose businesses have been suspended or see a reduction in turnover by 20 per cent or more will also now be allowed to access up to \$20,000 of their superannuation.

Eligible individuals will be able to apply online through myGov to access up to \$10,000 of their superannuation before 1 July 2020, and be able to access up to a further \$10,000 from 1 July 2020 for approximately three months. We can also assist with the application.

Minimum Pension Drawdown – Superannuation

The minimum drawdown requirements for account-based pensions and similar products will decrease by 50 per cent for the 2019–20 and 2020–21 income years.

Available Centrelink Benefits

Coronavirus Supplement

An employee who has been stood down without pay, or lost their job will be eligible to apply for the JobSeeker Payment and Youth Allowance benefits.

On 22 March 2020, the Government announced it will provide a temporary Coronavirus Supplement of \$550 a fortnight to new and existing income support recipients from 27 April 2020 for six months. People will receive their usual payment plus \$550 each fortnight for the six month period.

The Coronavirus Supplement will be provided to people receiving:

- JobSeeker Payment (formally Newstart)
- Sickness Allowance
- Youth Allowance for jobseekers
- Parenting Payment Partnered
- Parenting Payment Single
- Partner Allowance
- Sickness Allowance
- Farm Household Allowance.

Expanding Eligibility and Qualification for Payments

From 27 April 2020, the Government has also put expanded eligibility and qualification criteria in place for six months. Eligibility for JobSeeker Payment and Youth Allowance for jobseekers will also be expanded to assist:

- sole traders and self-employed people. They will be able to meet mutual obligation requirements by continuing to operate their businesses.
- people caring for someone infected or in isolation as a result of contact with Coronavirus.

The Government will temporarily waive, for certain payments:

- the assets test
- the Ordinary Waiting Period (already waived until 12 June 2020)
- the Liquid Assets Waiting Period
- the Seasonal Workers Preclusion Period
- the Newly Arrived Residents Waiting Period.

Also from 27 April 2020, access to payments will become easier with a temporary removal of the requirement for an Employment Separation Certificate, proof of rental arrangements and verification of relationship status.

Economic Support Payments

Two separate payments of \$750 will be made to people receiving various social security concessions such as the age pension, family tax benefit, Austudy and veterans. The first payment will be available to people who are eligible payment recipients and concession card holders at any time from 12 March 2020 to 13 April 2020. The second payment will be available to people who are eligible payment recipients and concession card holders on 10 July 2020 as long as they do not receive the Coronavirus Supplement with their payment.

Queensland Government

Payroll Tax

If you are an employer (or part of a group of employers) who pays \$6.5 million or less in Australian taxable wages, you may receive an email about a:

- refund of your payroll tax for 2 months
- payroll tax holiday (i.e. no payroll tax to be paid) for 3 months.

You can also apply for a deferral of payroll tax for the 2020 calendar year. (If you have already applied for a deferral, you do not need not re-apply – it will be extended.)

If you do not receive an email, or you are unsure about your eligibility, complete the refund/holiday application form.

If you are an employer (or part of a group of employers) who pays more than \$6.5 million in Australian taxable wages and have been negatively affected (directly or indirectly) by coronavirus, you can apply for a:

- deferral of payroll tax for the 2020 calendar year (If you have already applied for a deferral, you do not need not reapply – it will be extended.)
- refund of your payroll tax for 2 months.

A business is directly or indirectly affected by coronavirus if their current turnover, profit, customers, bookings, retail sales, supply contracts or other factors are negatively affected compared with normal operating conditions.

You need to register to obtain these concessions. See the “How to apply” section on the linked web page below.

<https://www.business.qld.gov.au/running-business/employing/payroll-tax/lodging/coronavirus-tax-relief>

Job Support loans - Interest Free Loans

Eligible Businesses and Not-for-Profits will be able to apply for an interest free loan of up to \$250,000 from 20 March 2020. The total amount of loans available is capped at \$500 million therefore funding will not be guaranteed to all applicants. The first 12 months will be interest free and the repayment period over 10 months.

There is currently minimal information released in relation to these loans. More information will be available during the week starting 23 March 2020 and can be found on the webpage below.

<http://www.qrida.qld.gov.au/current-programs/covid-19-business-support/queensland-covid19-jobs-support-scheme>

Other State Concessions

NEW SOUTH WALES

Payroll Tax

- Annual tax liability reduced by 25% when you lodge your annual reconciliation which is due 28 July.
- No Payment required on monthly payroll tax returns for March, April or May 2020.
- No Need to apply for the above.

Other Stimulus

- Waiver of some charges and licencing fees for small businesses including bars, cafes, restaurants and tradespeople.

VICTORIA

Payroll Tax

- Businesses with annual taxable wages up to \$3 Million will have their payroll tax for the 2019-20 financial year waived.
- Business are still required to lodge returns but not required to make payment.
- The Victorian Office of State Revenue will directly contact eligible businesses to reimburse them for payroll tax already made in the 2020 year.
- No need to apply for the above.

WESTERN AUSTRALIA

Payroll Tax

- Payroll Tax threshold increased to \$1 million on 1 July 2020.
- Monthly lodgers who pay \$7.5 million or less in Australian taxable wages can apply to defer their monthly payroll tax payments until 21 July 2020
- A one off grant of \$17,500 will be available for all employers whose annual Australian taxable wages are more than \$1 million and up to \$4 million. You do not need to apply for the grant. Cheques will be issued from July.

Other Stimulus

- A freeze will be placed on household fees and charges, including electricity, water, motor vehicle charges, the emergency services levy and public transport fares
- The Energy Assistance Package (EAP) in payment will increase from \$300 to \$600 for eligible concession card-holders.

TASMANIA

Interest Free Loans

- \$20 Million in interest free loans available to small businesses in the hospitality, tourism, seafood production and export sectors.
- Businesses with turnover less than \$5 million will be eligible.
- Loans will be interest free for three years.

Payroll Tax

- Payroll tax waiver available for businesses in the hospitality, tourism and seafood industries and will apply for the last four months of the 2020 financial year.
- Other businesses with payrolls of up to \$5 million will also be able to apply for a waiver, dependant on how significantly the virus has affected business.

South Australia

Land Tax

- Businesses and individuals paying land tax quarterly in 2019-20 will be able to defer payment of their third and fourth quarter instalments for up to six months.
- Businesses and individuals will be sent their land tax notices of assessment as usual, with information provided on how the deferral will be administered.

Payroll Tax

- Business groups with annual Australian grouped wages of up to \$4 million will receive a six month payroll tax waiver (for the return periods of March 2020 to August 2020).
- Monthly payroll tax returns must still be lodged to capture wages for the month, with no payment to be made.

Business and Jobs Support Fund

- A fund to support individual businesses and industry sectors directly affected by coronavirus, and face potential collapse – and the loss of thousands of jobs – as a result
- Contact this email address for any assistance how to apply
businessandjobssupportfund@sa.gov.au

Community and Jobs Fund

- A fund to support community organisations, sporting, arts and recreational bodies, non-profit organisations as well as some industry sectors whose operations have been impacted by the coronavirus
- Will also help with training of South Australians seeking new skills and employment and to assist organisations meet increased demand for services including emergency relief.
- Contact this email address for any assistance how to apply
communityandjobssupportfund@sa.gov.au

Other Concessions

Bank Concessions

- The major banks will suspend principal and interest loan repayments for distressed small-business customers for six months. They will also extend this initiative to distressed home loan customer's allowing them to defer repayments for up to six months. Each bank has also announced its own concessions to customers including reduced interest rates. Loans of up to \$10 million are eligible compared to \$3 million previously.
- In addition, to be eligible for deferment, the customer's business must be affected by the COVID-19 outbreak, they must be current in terms of existing facilities 90 days prior to applying, and interest will be capitalised, which means either the term of the loan will be extended or repayments will increase once the deferral period ends.
- Commercial landlords with loans of up to \$10 million will be eligible for six months' repayment relief, but to be eligible they must agree they will not evict any any tenant who is in arrears because of COVID-19.

Solvency and Creditor Concessions

- Directors will now be temporarily relieved of their duty to prevent insolvent trading with respect to any debt incurred in the ordinary course of the company's business, with the measure set to run for six months. Cases of dishonesty and fraud will still be subject to criminal penalties. Any debts incurred by the company will still be payable by the company,
- The government will increase the current minimum threshold for creditors issuing statutory demand on a company from \$2,000 to \$20,000 for six months.
- The statutory time frame for a company to respond to a statutory demand will also be extended temporarily from 21 days to six months.
- The threshold for the minimum amount of debt required for a creditor to initiate bankruptcy proceedings against a debtor will temporarily increase from its current level of \$5,000 to \$20,000.
- The time a debtor has to respond to a bankruptcy notice will be temporarily increased from 21 days to six months.

Self-Managed Superannuation Funds

The Australian Taxation Office has put out a statement which says if a Self-Managed Superannuation Fund (SMSF) owns real property and gives the tenant who is a related party a reduction in rent because of the financial impacts of COVID-19, then charging a related party tenant a rent that is less than the market value is usually a contravention of the SMSF provisions. However given the impact of COVID-19 the ATO will take no action.

They have confirmed that they will take no compliance action for non-compliance of the SMSF provisions where funds provide rent assistance for the 2019/2020 and 2020/2021 financial years with respect to the related party transaction.

We have resources including appropriate letters from the business and trustee to ensure SIS compliance with the above. Please contact us should you require any assistance.