

FEDERAL ECONOMIC STIMULUS PACKAGE

The following is the list of support measures and incentive available to small business and sole traders:

TAXATION RELATED INCENTIVES

- Instant Asset Write Off
 - Under normal circumstances, individual assets costing less than \$30,000 are eligible for the instant asset write off. The Government has lifted this threshold to \$150,000 for assets that are either installed or ready for first use by 30 June 2020.
- Business Investment Initiative (Accelerated Depreciation)
 - The Government is introducing an investment incentive (through to 30 June 2021) to support business investment and economic growth over the short term, by accelerating depreciation deductions.
 - Businesses with a turnover of less than \$500 million will be able to deduct an additional 50 percent of the asset cost in the year of purchase.
 - There is no cap on the purchase cost of an individual asset.
- The Australian Tax Office (ATO) is providing relief for some tax obligations for businesses affected by the outbreak, on a case-by-case basis. For example, deferral of payments through the BAS process may be granted. Contact the ATO's Emergency Support Infoline for businesses on 1800 806 218 for more information or to request this help.

APPRENTICES AND TRAINEE SUPPORT

- Eligible employers can apply for a wage subsidy of 50 percent of the apprentice's or trainee's wage for 9 months from 1 January 2020 to 30 September 2020.
- Where a small business is not able to retain an apprentice, the subsidy will be available to a new employer that employs that apprentice.
- Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter).

CASHFLOW SUPPORT FOR SMALL AND MEDIUM ENTERPRISES ('SME'S')

- SME Guarantee Scheme
 - The Government will provide a guarantee of 50 percent to SME lenders to support new short-term unsecured loans to SME's. This will assist otherwise viable businesses across the economy who are facing significant challenges due to disrupted cash flow to meet existing obligations.
 - This will provide businesses with funding to meet immediate cash flow needs, by further enhancing lenders' willingness and ability to provide credit. Businesses with a turnover of up to \$50 million will be eligible to receive these loans.
 - The Government is cutting red tape by providing a temporary exemption from responsible lending obligations for lenders providing credit to existing small business customers.
 - For further information, contact your financial institution.
- Boosting Cash Flow for Employers
 - The Government is providing up to \$100,000 to eligible SME's that employ people, with a minimum payment of \$20,000. These payments will help cash flow so that businesses can keep operating, pay their rent, electricity and other bills and retain staff.

- Employers will receive a payment equal to 100 percent of their salary and wages withheld (up from 50 percent), with the maximum payment being \$50,000, for both the year ended 30 June 2020, and the next financial year from July through to September.
- Eligible SME's that are not required to withhold tax will receive a minimum payment of \$20,000 (\$10,000 in March Qtr, \$5,000 in June Qtr and \$5,000 in September Qtr).
- To be eligible for this measure small and medium businesses need to employ workers and have an aggregated annual turnover under \$50 million.
- The ATO will deliver this payment as a credit in the business activity statement system.

INCOME SUPPORT PAYMENTS

- **Job Keeper Package** (announced 30 March 2020). 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.
 - No means tests.
 - Eligibility criteria:
 - Applies to sole traders and employers
 - Full-time, part-time, or long-term casual employees (a casual employed on a regular basis for longer than 12 months as at 1 March 2020);
 - Must be currently employed by the eligible employer (including those stood down or re-hired) and over the age of 16
 - Turnover of the business must have been impacted downward by 30% or more as a result of the pandemic
 - Must not be in receipt of a JobKeeper Payment from another employer.
 - Administered through the ATO not Centrelink.
 - Eligible employers will need to identify eligible employees for JobKeeper Payments and must provide monthly updates to the ATO.
 - Participating employers will be required to ensure eligible employees will receive, at a minimum, \$1,500 per fortnight, before tax.
 - It will be up to the employer if they want to pay superannuation on any additional wage paid because of the JobKeeper Payment.
 - Funds are paid to eligible sole traders and businesses in May and back dated to 30 March 2020.
 - Businesses without employees, such as the self-employed, can register their interest in applying for JobKeeper Payment via www.ato.gov.au from 30 March 2020.
 - No superannuation guarantee is paid by the Government.
 - Cannot claim the Job Keeper Package and also Claim Job Seeker payments through Centrelink.
 - Register your intent to claim via the ATO website .
 - Additional information can be found here:
https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet_Info_for_Employers_0.pdf

There is also additional financial assistance available to individuals who find themselves unemployed and looking to apply for the Job Seeker Allowance, these being:

INCOME SUPPORT PAYMENTS

- Coronavirus Supplement
 - A special payment of \$550 per fortnight for the next 6 months to eligible income support recipients.
 - The \$550 payment is in addition to the regular fortnightly Job Seeker allowance payment amount.
 - In addition there will be reductions in means testing and waiting periods.
 - Partners income means test has increased to \$79,762.
 - This is administered through Centrelink and MyGov.

SUPERANNUATION ACCESS

- 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.
- To be eligible you must:
 - Be unemployed or made redundant after 1/1/2020 *or*
 - Your working hours have been reduced by 20% or more *or*
 - If you are a sole trader — your business was suspended or there was a reduction in turnover of 20 percent or more.

For those in financial stress, you may wish to consider the following:

REPAYMENT HOLIDAYS

- Should your ability to make mortgage repayments be impacted by this pandemic, banks and financial institutions are offering a 6 month repayment holiday whereby you do not have to make mortgage payments.
- Whilst your direct debit is put on hold, interest will continue to accrue on your loan.
- You may prefer to make interest only payments or reduced principal and interest payments if you can afford to do so.

RENTING

- Whilst no financial assistance has been announced as yet, it's advisable to contact your landlord/property manager to discuss any options available if you are experiencing financial stress.
- A 6 month moratorium on evictions has been announced.

For further detail, please consult:

- <https://treasury.gov.au/coronavirus/businesses>
- https://treasury.gov.au/sites/default/files/2020-03/Overview-Economic_Response_to_the_Coronavirus_0.pdf
- <https://www.business.gov.au/Risk-management/Emergency-management/Coronavirus-information-and-support-for-business>

STATE BASED ECONOMIC STIMULUS PACKAGE

As many taxes and levies are administered by the State Government, each State has now issued its own stimulus package. Many of these initiatives have only recently been announced so there is limited detail available at this time.

QUEENSLAND

- Payroll Tax
 - All small and medium businesses (annual payrolls of \$6.5 million or less) in Queensland will be eligible for:
 - a two-month refund of payroll tax, giving an average of nearly \$9,000 cash
 - a three-month payroll tax holiday, saving an average of \$13,360
 - deferral of all payroll tax payments for the rest of 2020.
- \$500 million Worker Retraining and Assistance Package
- Loans to Small Business
 - Interest free for the first 12 months.
 - Loans up to \$250,000.
- Power Bill Rebate
 - Any business consuming less than 100,000 kilowatt hours will receive a \$500 rebate, which will be automatically applied on business electricity bills.
- Financial Mentoring
 - SMEs can access financial counsellors to get a better understanding of their financial position and viability and gain assistance in developing and implementing plans to improve their financial situation.

For more information, please refer to:

https://www.business.qld.gov.au/___data/assets/pdf_file/0024/290715/coronavirus-covid-19-business-support.pdf

NEW SOUTH WALES

- Payroll Tax
 - Waiver for the remainder of the 19/20 Financial Year.
 - When these businesses lodge their annual reconciliation (due date 28 July), they will have their annual payroll tax liability reduced by 25%.
 - The payroll tax threshold limit will also be increased to \$1 million for FY21.
- Fee Waiver
 - A waiver of fees and charges to small business has been announced but no further detail provided at this time.
- Capital Works
 - \$250 million to bring forward maintenance on public assets including social housing and crown land fencing.
 - \$500 million to bring forward capital works and maintenance.
 - There is limited information available on these initiatives at this time, however please refer to <https://preview.nsw.gov.au/news/health-boost-and-economic-stimulus> for updates.

VICTORIA

Economic Survival and Jobs Package

Phase 1 of a 3 Phase Stimulus Package

- Payroll Tax
 - Small businesses (with annual taxable wages up to \$3 million) will still need to lodge payroll tax returns, but will not need to make further payments for this financial year and will have the payroll tax already paid in the financial year reimbursed.
 - These businesses will be contacted directly by the State Revenue Office.
 - An approximate 24,000 Victorian SMEs stand to benefit from this refund, and the average saving amount across all of the recipients is expected to be about \$23,000.

Phase 2 – limited detail available

- Releasing a further \$500 million for a series of grants and payments to business who were 'really are doing it tough'.

Phase 3 – limited detail available

- Phase three is set to be the largest of the lot, with \$600 million being extended to the Victorian economy – part of which will be used to waive liquor licence fees across thousands of venues, as well as to provide assistance to those who will have lost their jobs.

Should you wish to register your interest in the Business Support Fund, go to:

<https://fs2.formsite.com/diirdwebteam3/u3qeftcfc/index.html>

SOUTH AUSTRALIA

- Payroll Tax
 - 6-month waiver for all businesses with an annual payroll (grouped) up to \$4 million.
- Land Tax Relief
 - Individuals and businesses with outstanding quarterly bills for 2019-20 able to defer payments for 6 months (up to 28,000 private land tax ownerships will benefit).
- Business Support Fund announced on 26 March 2020
 - There is no further detail available at this time, however the Premier's website mentions to email BusinessandJobsSupportFund@sa.gov.au to apply.

WESTERN AUSTRALIA

- Payroll Tax
 - A one-off payment of \$17,500 to small businesses that pay payroll tax.
 - These grants will be automatically paid by cheque (without the need for an application), and are expected to commence from July 2020.
 - The payroll tax threshold will also be increased to \$1 million for FY21.
 - Payroll tax deferral is available through <http://www.wa.gov.au/organisation/department-of-finance>

Details of this package can be found at:

<https://www.smallbusiness.wa.gov.au/blog/wa-coronavirus-relief-package>

NORTHERN TERRITORY

Jobs Rescue and Recovery Plan <https://business.nt.gov.au/recovery>

- Home Improvement Scheme
- Business Improvement Grant
- Immediate Works Grant
- Small Business Survival Fund
- Payroll Tax Exemptions
- Fast Track Infrastructure Programme
- Business support - a small business champion can be arranged though 1800 193 111 and free advice for businesses to navigate what's available is provided through the Business Enterprise Centre 1800 229 500 businessinfo@nt.gov.au.

Whilst some of the information on state-based stimulus is still quite fresh, we hope that this provides a solid starting point in who to turn to and the degree of assistance that may be available to you and your business.

From all of us at Stratco we wish you and your families well and thank you for your ongoing support through these uncertain and challenging times.