



Federal Government Stimulus Measures

The federal government has announced two stimulus packages in the past two weeks and we can expect more to come. Though these have not yet passed Parliament, both sides of politics have indicated their support and it's expected that everything will go ahead as announced. While we still don't know exactly how all measures will operate, more details about the proposals are filtering through.

PAYGW Refunds

The Boosting Cash Flow for Employers measure will provide up to \$100,000 back to business, with a minimum payment of \$20,000 for eligible businesses. The payment will provide temporary cash flow support to small and medium businesses that employ staff. The payment will be tax free.

Eligibility

Small and medium business entities with aggregated annual turnover under \$50 million and that employ workers will be eligible. Eligibility will generally be based on prior year turnover.

- The payment will be delivered by the Australian Taxation Office (ATO) as a credit in the activity statement system from 28 April 2020 upon businesses lodging eligible upcoming activity statements.
- Eligible businesses that withhold tax to the ATO on their employees' salary and wages will receive payment equal to 100 per cent of the amount withheld, up to a maximum payment of \$50,000 for the March quarter and \$50,000 for the June quarter.
- Eligible businesses that pay salary and wages will receive a minimum payment of \$10,000 for the March quarter and \$10,000 for the June quarter, even if they are not required to withhold tax.

Timing

The Boosting Cash Flow for Employers measure will be applied for a limited number of activity statement lodgments. The ATO will deliver the payment as a credit to the business upon lodgment of their activity statements. Where this places the business in a refund position, the ATO will deliver the refund within 14 days.

Type of lodger	Eligible period	Lodgment due date
Quarterly	Quarter 3 (January, February and March 2020)	28 April 2020
	Quarter 4 (April, May and June 2020)	28 July 2020
Monthly	March 2020	21 April 2020
	April 2020	21 May 2020
	May 2020	22 June 2020
	June 2020	21 July 2020

INCREASING THE INSTANT ASSET WRITE-OFF

The Government is increasing the instant asset write-off (IAWO) threshold from \$30,000 to **\$150,000** and expanding access to include all businesses with aggregated annual turnover of less than \$500 million (up from \$50 million) until 30 June 2020.



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(NOTE: the announcement did not reference the removal of the depreciation limit for cars. We are seeking further guidance from the government as to just how these rules apply for motor vehicles costing more than \$57,581. So perhaps just wait a tic before signing up for that new fancy car until we know the finer details on this aspect. There is no confusion regarding plant and equipment purchases though.)

The IAWO threshold

The higher IAWO threshold provides cash flow benefits for businesses that will be able to **immediately deduct purchases of eligible assets each costing less than \$150,000**. The threshold applies on a per asset basis, so eligible businesses can immediately write-off multiple assets.

The IAWO is due to revert to \$1,000 for small businesses (turnover less than \$10 million) from 1 July 2020.

Eligibility

The Government is expanding access so that more businesses can take advantage of the IAWO. The annual turnover threshold for businesses is increasing from \$50 million to \$500 million. Expanding the threshold will mean an additional 5,300 businesses who employ around 1.9 million Australians will be able to access the IAWO for the first time.

Timing

This proposal applies from announcement (12 March 2020) until 30 June 2020, for new or second-hand assets first used or installed ready for use in this timeframe.

BACKING BUSINESS INVESTMENT (BBI) – New Assets greater than \$150,000

The Government is also introducing a time limited 15 month investment incentive to support business investment and economic growth over the short-term, by accelerating depreciation deductions for larger purchases. The key features of the incentive are:

- benefit — deduction of **50 per cent** of the cost of an eligible asset on installation, with existing depreciation rules applying to the balance of the asset's cost;
- eligible businesses — businesses with aggregated turnover below \$500 million; and
- eligible assets — new assets that can be depreciated under Division 40 of the Income Tax Assessment Act 1997 (i.e. plant, equipment and specified intangible assets, such as patents) acquired after announcement and first used or installed by 30 June 2021. Does not apply to second-hand Division 40 assets, or buildings and other capital works depreciable under Division 43.

Eligibility

Businesses with aggregated turnover below \$500 million, purchasing certain new depreciable assets.

Timing

Applies to eligible assets acquired after announcement and first used or installed by 30 June 2021.



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Example — Purchase new Asset for more than \$150,000

Joan and Bruce own a company, NC Transport Solutions Pty Ltd, through which they operate a haulage business on the North Coast of New South Wales. NC Transport Solutions Pty Ltd has an aggregated annual turnover of \$8 million for the 2019-20 income year.

On 1 May 2020, Joan and Bruce purchase a new truck for \$260,000, exclusive of GST, for use in their business.

Under existing tax arrangements, NC Transport Solutions Pty Ltd would depreciate the truck using their small business simplified depreciation pool. Under the pooling rules, NC Transport Solutions Pty Ltd 4 would deduct 15 per cent of the asset's value upon entry to the pool, leading to a tax deduction of \$39,000 for the 2019-20 income year.

Under the new BBI, NC Transport Solutions Pty Ltd would instead claim an up-front deduction of 50 per cent of the truck's value (\$130,000) before placing the asset in their small business simplified depreciation pool. Joan and Bruce would then claim a further 15 per cent deduction on the depreciated value of the truck (\$19,500). As a result of the two deductions, Joan and Bruce are able to claim a deduction totalling \$149,500 in the 2019-20 income year, \$110,500 more than under existing arrangements. At the company tax rate of 27.5 per cent, Joan and Bruce will pay \$30,387.50 less tax in the 2019-20 income year.

Wage Support for Apprentices

The federal Government plans to pay 50% of wages for apprentices employed by small businesses between 1 January 2020 and 30 September 2020. Unlike the cash refunds, this measure must be applied for. We expect the application process to be available from early April.

The Government is supporting small business to retain their 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. Where a small business is not able to retain an apprentice, the subsidy will be available to a new employer.

Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter).

Eligibility

The subsidy will be available to small businesses employing fewer than 20 full-time employees who retain an apprentice or trainee. The apprentice or trainee must have been in training with a small business as at 1 March 2020.

Employers of any size and Group Training Organisations that re-engage an eligible out-of-trade apprentice or trainee will be eligible for the subsidy.

Employers will be able to access the subsidy after an eligibility assessment is undertaken by an Australian Apprenticeship Support Network (AASN) provider.

Timing

Employers can register for the subsidy from early-April 2020. Final claims for payment must be lodged by 31 December 2020.

Further information is available at:

- The Department of Education, Skills and Employment website at: www.dese.gov.au
- Australian Apprenticeships website at: www.australianapprenticeships.gov.au



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For further information on how to apply for the subsidy, including information on eligibility, contact an Australian Apprenticeship Support Network (AASN) provider.

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Guaranteed Loans

The Government will guarantee 50 per cent of new loans issued by eligible lenders to SMEs. The Government's support will enhance lenders' willingness and ability to provide credit to SMEs with the Scheme able to support \$40 billion of lending to SMEs.

The Scheme will complement the announcement the Government has made to cut red-tape to allow SMEs to get access to credit faster. It also complements announcements made by Australian banks to support small businesses with their existing loans.

Access To Superannuation

The Government will also allow people who lose part of their income to access up to \$10,000 tax-free from their superannuation this financial year and in 2020-21.

The minimum draw-down rates for self-funded retirees is to be halved.

Increased Social Security

The Government will temporarily double the Jobseeker Payment, previously called Newstart, providing people with an additional \$550 a fortnight. The usual assets test and waiting period to access the payment have been waived. Anyone who receives less than \$1,075 per fortnight will be eligible.

The payment will be available to sole traders and casual workers, provided they meet income tests.

Both the first and second packages included \$750 bonus payments to welfare recipients.

ATO Administrative Assistance

The Australian Taxation Office (ATO) will implement a series of administrative measures to assist Australians experiencing financial difficulty as a result of the COVID-19 outbreak.

Options available to assist businesses impacted by COVID-19 include:

- Deferring by up to four months the payment date of amounts due through the business activity statement (including PAYG instalments), income tax assessments, fringe benefits tax assessments and excise
- Allow businesses on a quarterly reporting cycle to opt into monthly GST reporting in order to get quicker access to GST refunds they may be entitled to
- Allowing businesses to vary Pay As You Go (PAYG) instalment amounts to zero for the March 2020 quarter. Businesses that vary their PAYG instalment 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.

Employers will still need to meet their ongoing super guarantee obligations for their employees. If you would like to take advantage of any of these measures, contact us or call the ATO's dedicated hotline on 1800 806 218.



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Queensland Government

State Government Assistance

In addition to the federal measures, the Queensland Government is also offering assistance.

Interest-Free Loans

You may be eligible for a loan to retain employees and maintain your operations.

The \$500 million concessional loan facility will include low interest loans of up to \$250,000 for carry on finance with an initial 12-month interest free period for businesses to retain staff.

Register your interest through the Queensland Rural and Industry Development Authority or phone 1800 623 946.

Payroll Tax Freeze

Any Queensland business, regardless of its payroll **can defer lodging and paying payroll tax** until the 3 August 2020.

Industry Recovery Package

The package includes a range of initiatives. The ones offered for small business are:

For further detailed information head to www.qld.gov.au/industryrecovery or contact 13 QGOV (13 74 68).



Australian Banking Association

Loan Deferrals

The Australian Banking Association has announced that all small business loans will be eligible for a six-month deferral on payments.

Banks are already reaching out to their customers to offer assistance and packages will start rolling out in full on Monday 23 March.

Any small business who has not already been contacted should contact their bank to apply.

[Read the full press release from the Australian Banking Association here.](#)



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Australian Government

Fair Work Australia

Pay and Your Employees

Fair Work Australia has released detailed information regarding work-from-home arrangements, health and safety obligations and payments to workers during periods of quarantine or self-isolation. If you have employees and are unsure of what your payment options and obligations are, [read their advice here](#).