

Coronavirus Stimulus Package

The Government has announced a \$17.6 billion economic stimulus package to help Australian businesses during challenges posed by the coronavirus. It is aimed at delivering temporary support for business investment, cashflow assistance and assistance for severely-affected regions reliant on industries such as tourism, agriculture and education.

It sets out three main areas of support for businesses

1) Accelerated write offs for business capital expenditure

This commences 12 March 2020 and includes all businesses with aggregated turnover of less than \$500 million. It comprises two measures.

The first measure increases the instant asset write off threshold from \$30,000 to \$150,000 until 30 June 2020.

The second measure allows businesses to deduct an additional 50% of the cost of their eligible assets in the year of purchase, with the remaining cost being depreciated under the existing rules, until 30 June 2021.

2) Cash Support for Businesses with Employees

This is a cash flow boost aimed at small to medium-sized businesses with turnover of less than \$50 million that employ staff between 1 January 2020 and 30 June 2020. It will include a tax free boost to cashflows by up to \$25,000, with a minimum payment of \$2,000, calculated based on PAYG withholdings.

Small businesses may also be eligible for a wage subsidy of 50% of apprentice's or trainee's wages for up to 9 months from 1 January 2020 to 30 September 2020.

3) Assistance for Severely Affected Regions

The Government has put aside \$1 billion to support those sectors, regions and communities that have been disproportionately affected by the economic impacts of the Coronavirus, including those heavily reliant on industries such as tourism, agriculture and education.

It will include additional assistance to help businesses identify alternative export markets or supply chains and targeted measures will also be developed to further promote domestic tourism.

The Government will also be offering administrative relief for certain tax obligations, including deferring tax payments for up to four months.

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Other Support Areas

There will be a one-off \$750 stimulus payment to pensioners, social security, veteran and other income support recipients and eligible concession card holders, with payments from 31 March 2020 on a progressive basis.

What to do next

The Government is proposing to introduce relevant legislation towards the end of March 2020, which will provide further details on eligibility requirements for the above support. If you are unsure how any of this will affect you or are not sure whether you are eligible, please contact one of our staff to discuss the extent of any relief that may be obtained.

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