

UPDATE 1

12th March 2020

This morning, Scott Morrison unveiled an economic stimulus package expected to inject \$17.6 billion into our economy in an effort to help small businesses and households with the threats they face from the Coronavirus outbreak.

This stimulus package is also a timely injection into the economy as we are facing a recession, which could be announced in the second half of the year after the poor performance for the March 2020 Quarter.

Below we look at the groups targeted for relief under the Coronavirus stimulus package.

Welfare Recipients

Welfare recipients will receive an extra \$750 cash per person. This includes recipients of Newstart, the Disability Pension, Carers' Allowance, Youth Allowance, Veteran Support Payments, Family Tax Benefits, Commonwealth senior health card-holders and Aged Pensions.

These payments will start to be paid from 31 March 2020, with all payments expected to be made by mid-April.

Small Businesses

Wage Assistance for Apprentices/Trainees

Small businesses who employ fewer than 20 employees will be able to apply for a wage subsidy of up to \$21,000 to help keep apprentices/trainees employed or to re-employ those that have been let go due to economic hardship. These payments will be based off the apprentices'/trainees' wages for the period 1 January 2020 to 30 September 2020, with the payment being 50% of wages capped at \$7,000 per quarter.

Small to Medium Sized Businesses

Cash Flow Injection for Employment

Businesses with a turnover of up to \$50 million that employ staff in the period 1 January 2020 to 30 June 2020 will be eligible for a tax-free grant of up to \$25,000.

Those that pay wages with no PAYG Withholding will likely receive a minimum payment of \$2,000.

This grant will be issued automatically by the ATO and will be based on 50% of the amount withheld on employee wages (W2 code) on your Business Activity Statements / Instalment Activity Statements lodged for the period March 2020 to June 2020.

Those that pay wages with no PAYG Withholding will need to make sure to include wages paid at W1 for BASs lodged in this time period.

Instant Asset Write-Off

In the stimulus package, the government also announced that the instant asset write-off of \$30,000 has now been increased to \$150,000. The turnover eligibility has also been raised to \$500 million, previously \$50 million.

50% Asset Deduction

An incentive investment until 30 June 2021 has been announced for businesses with a turnover of less than \$500 million to accelerate the depreciation of assets (which fall outside the instant asset write-off) where eligible tax payers will receive a deduction of 50% of the cost of the eligible asset, with existing depreciation rules applying to the balance.

The measures for the Instant Asset Write-Offs and Accelerated Depreciation will start today pending passing legislation.

Assistance for Severely-Affected Regions

A \$1 billion community fund has been setup to support those sectors who have been severely affected by the economic impact of the Coronavirus. These industries include tourism, agriculture and education. The fund is targeted at boosting domestic tourism.

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

All the stimulus package policies are expected to be introduced into parliament later this month and subject to being passed by parliament.