

Government announces coronavirus stimulus package

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1.0 Economic Response to the Coronavirus

The Australian Government has announced an economic response totaling \$17.6 billion across the forward estimates to protect the economy by maintaining confidence, supporting investment and keeping people in jobs. Additional household income and business support will flow through to strengthen the wider economy.

The Government's economic response targets four key areas:

- Delivering support for business investment
- Cash flow assistance for employers
- Stimulus payments to households to support growth
- Assistance for severely affected regions

The Government has committed an additional \$2.4 billion to support our health system to manage any further outbreak in Australia.

- 2 In addition, the Government has also committed to cover 50 per cent of additional hospital costs incurred by states and territories related to the diagnosis and treatment of patients with, or suspected of having, the Coronavirus.

2.0 Cash flow assistance for businesses

The Australian Government is supporting Australian businesses to manage cash flow challenges and retain employees during the Coronavirus health crisis. Assistance includes:

2.1 Boosting cash flow for employers

Helping small and medium businesses with aggregated annual turnover under \$50 million to cover the costs of employee wages and salaries equal to 50 per cent of PAYG withheld for businesses that withhold tax, with a minimum of \$2,000 and a maximum of \$25,000 over six months. Businesses that pay salary and wages but are not required to withhold tax will also receive the minimum payment of \$2,000. This will be a tax free payment, benefiting around 690,000 businesses employing 7.8 million people.

2.2. Supporting apprentices and trainees

Helping businesses retain apprentices and trainees by offering a wage subsidy of 50 per cent of the apprentice's or trainee's wage for nine months. The subsidy of up to a maximum of \$21,000, will be available to businesses employing fewer than 20 full-time employees who retain an apprentice or trainee, or, where a small business is not able to retain an apprentice, the subsidy will be available to a new employer. This will support up to 70,000 small businesses employing around 117,000 apprentices.

3.0 Delivering support for business investment

The Australian Government is supporting Australian businesses by providing investment measures to 3.5 million businesses in response to the economic impacts of the Coronavirus.

These measures will help businesses plan, build and maintain operations during this time. This also benefits the 9.7 million Australians employed by these businesses.

3 This includes:

3.1 Enhancing the instant asset write-off

Lifting the threshold to \$150,000 (from \$30,000) and expanding access to businesses with aggregated annual turnover of less than \$500 million (up from \$50 million) until 30 June 2020. The threshold applies on per asset basis, so eligible businesses can immediately write-off multiple assets.

3.2 Backing business investment

Offering businesses a 15 month investment incentive to support their business, by accelerating depreciation deductions. Key features of the incentive include:

- Deduction of 50 per cent of the cost of an asset, with existing depreciation applying to the balance of the asset's cost.
- Available to businesses with aggregated turnover below \$500 million, purchasing certain new depreciable assets.

4.0 Stimulus payments to households to support growth

The Australian Government will provide financial assistance to around 6.5 million lower-income Australians in response to the Coronavirus.

One-off payments of \$750 will be paid to around 6.5 million lower-income Australians, including pensioners, other social security and veteran income support recipients and eligible concession card holders. This is to help them through this uncertain time and support economic activity.

The one-off payment will be paid from 31 March 2020.

5.0 Assistance for severely affected regions

The Government has set aside an initial \$1 billion allocation to support those 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.

The \$1 billion will be available for distribution through existing or newly established mechanisms as soon as practicable.

The Australian Tax Office (ATO) will also provide administrative relief for certain tax obligations (similar to relief provided following the bushfires) for taxpayers affected by the Coronavirus outbreak, on a case by case basis.

The ATO will look at ways to enhance its presence in significantly affected regions to make it easier for people to apply for relief.

PACKAGE IMPLEMENTATION

The Government will move quickly to implement this package. To that end, a package of Bills will be introduced into Parliament in the final Autumn sitting week in March 2020 for Parliament's urgent consideration and passage. Following passage of the Bills through Parliament, the Government will then move to immediately make, and register, any supporting instruments.