



24 March 2020

Subject: Government economic response to Covid-19 (further stimulus measures)

Dear Valued Client,

On 22 March 2020, the Government has announced a second set of measures to help the economy withstand the impacts of Covid-19. This response will see financial support to the following areas:

Individuals and households:

- Income support payments - payments and coronavirus supplements to existing and new recipients of some Centrelink payments. There will also be a streamlined application for Centrelink benefits and reduced waiting times for payments. Full details from [The Treasury website here](#).
- Payments to support households - two separate payments of \$750 to recipients of social security, veteran and other support payments from Centrelink. The payments are to be made from 31 March 2020 (first payment) and from 13 July 2020 (second payment). The second payment will not be made to those eligible for the Coronavirus supplement. Full details from [The Treasury website here](#).
- Temporary early release of superannuation - amounts up to \$10,000 for each financial year, being the 2020 & 2021 financial years for those eligible individuals. There will be no tax payable on the amounts withdrawn and they will also not affect Centrelink or Veterans' Affairs payments. Full details from [The Treasury website here](#).
- Temporarily reducing superannuation minimum drawdown rates - The Government is temporarily reducing superannuation minimum drawdown requirements for account-based pensions and similar products by 50 per cent for 2019-20 and 2020-21. This measure will benefit retirees by reducing the need to sell investment assets to fund minimum drawdown requirements. Full details from [The Treasury website here](#).
- Reducing social security deeming rates to benefit income support recipients.

Businesses:

- Boosting cash flow for employers
 - Businesses with turnover of less than \$50M who employ workers will be eligible for the "Boosting Cash Flow for Employers Package". All eligible employers will receive a minimum payment of \$10,000 [increased from the initial \$2,000 announced last week] and the maximum is calculated as 100% of the PAYG withholding tax withheld from employee wages up to a maximum of \$50,000. The amount is calculated on PAYG tax withheld between January and June 2020. An eligible employer is one established prior to 12 March 2020. The payment will be provided as an automatic credit in the activity statement system from 28 April 2020.

- An additional payment is being introduced for the July – October 2020 period. This amount will be exactly the same as the original amount received by the business under the “Boosting Cash Flow for Employers Package”. This effectively doubles the amount received to a minimum of \$20,000 and a maximum of \$100,000. The cash flow boost provides a tax free payment to employers and is automatically calculated by the Australian Taxation Office (ATO). There are no new forms required.

Full details from [The Treasury website here](#)

- Temporary measure for financially distressed businesses - The Government is temporarily increasing the threshold at which creditors can issue a statutory demand on a company and the time companies have to respond to statutory demands they receive. The package also includes temporary relief for directors from any personal liability for trading while insolvent, providing temporary flexibility in the Corporations Act 2001 which provides temporary and targeted relief from provisions of the Act to deal with unforeseen events that arise as a result of the Coronavirus health crisis. Full details from [The Treasury website here](#).
- Increasing the instant asset write-off (as part of the first stimulus measures introduced) - from \$30,000 to \$150,000 for those of you who are not concerned about cash-flow and view this as a good time to invest in assets for your business. There are also measures around depreciating fixed assets faster.
- Backing business investment (as part of the first stimulus measures introduced) - the Government is introducing a time limited 15-month 50% investment incentive (through to 30 June 2021) to support business investment and economic growth over the short term by accelerating depreciation deductions.
- Supporting apprentices and trainees (as part of the first stimulus measures introduced) - wage subsidies are available for up to 50% of an apprentice or trainee’s wage for the nine month period from 1 January to 30 September 2020. Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice/trainee (i.e. \$7,000 per quarter).
- Support for Coronavirus-affected regions and communities (as part of the first stimulus measures introduced) - the Government will set aside \$1 billion to support regions most significantly affected by the Coronavirus outbreak. These funds will be available to assist during the outbreak and the recovery. In addition, the Government is assisting our airline industry by providing relief from a number of taxes and Government charges estimated to total up to \$715 million.

Flow of credit:

- Support for immediate cash flow needs of small to medium enterprises (SME’s) - the Federal Government will provide a guarantee of up to 50% for new unsecured loans made to SME’s. The loan must have a maximum total size of \$250,000 per borrower & be up to three years (with an initial six-month repayment holiday). The Scheme will commence early April 2020 and available for new loans made by participating lenders until 30 September 2020.
- Quick and efficient access to credit for small businesses - Lenders will be provided with a temporary exemption from the responsible lending obligations to enable faster approval and provision of loans to SME’s.

State based incentives:

VIC

- Payroll tax already paid in the 2019-20 financial year will be fully refunded for small & medium businesses. The Victorian government have stated that the payments will begin this coming week.
- The Victorian government are also establishing a new business support fund to assist various sectors including the retail sector. To register your interest in the fund please fill out the [form here](#).

QLD

- QLD's office of state revenue have announced you may be able to apply to defer paying payroll tax until 3 August 2020. To apply [click here](#).
- As previously mentioned, the QLD Government is taking expressions of interest for low interest loans (interest free for the first 12 months) of up to \$250k. If you are interested please [click here](#).

NSW

- Payroll tax for the rest of the financial year will be waived.

WA

- Payroll tax paying businesses with a payroll between \$1 million and \$4 million will receive a one-off grant of \$17,500.

TAS

- Payroll tax waiver for some small businesses included in hospitality, tourism and seafood industries. This will apply for the last four months of the 2019-20 financial year. Other eligible businesses with payroll up to \$5 million may also apply for the waiver.
- Interest-free loans available to some small businesses with turnover less than \$5 million in the hospitality, tourism, seafood production and export sectors.
- Employment incentives for small businesses via small business grants up to \$5,000.

For a detailed overview of the Australian Government Economic Response to Covid-19, visit

<https://treasury.gov.au/coronavirus>.

If you have any concerns or questions about the Government economic response to Covid-19 or want to know how these measures could impact you, please email or give us a call and speak with our Advisers.

Regards,

Prime Time Advisory

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