

Stimulus Package

Please read this update and contact this office if you have any queries

March 2020

Federal Government Stimulus Package – What you need to know

Last night, the government passed a second round of stimulus measures totalling \$66.1 billion. The second package brings total support to \$189 billion aimed to cushion the economic impacts of the COVID-19 pandemic.

As foreshadowed by the Prime Minister, we agree that further measures are likely to be needed as the economic impacts of the COVID-19 virus continue to unfold.

HDC will continue to breakdown any fiscal and regulatory measures announced by the Federal Government and what these measures mean to you.

Personal Incomes

Tranche One Measures:

Targeted Stimulus payments.

Eligible recipients will receive a one-off stimulus payment of \$750. The government intends to utilise the social security system to provide the \$750 payment to pensioners, social security recipients, veterans, other income support recipients and eligible concession card holders.

Most payments should be distributed by mid April and will be limited to one payment per person regardless if the person might qualify for this payment under multiple programs.

Tranche Two included the announcement that a second, additional payment of \$750 will be distributed in mid July 2020. This second payment will not be made available to those receiving the Coronavirus supplement.

Apprentice and trainee support

Small businesses will be eligible to apply to receive wage assistance from 1 January 2020 to 30 September 2020 for any apprentices or trainees. This measure aims to provide a reimbursement for up to 50% of the wages paid to a particular apprentice or trainee.

This measure aims to ensure continuing employment for apprentices and trainees and as such, will still be available to any new employers who employ an eligible apprentice who has lost their position as a result of COVID-19.

Tranche Two Measures:

Coronavirus supplement

There will be special payments of \$550 per fortnight for the next 6 months to eligible income support recipients including persons who receive or become eligible to receive:

- Youth Allowance;
- JobSeeker Payments;
- Parenting Payments;
- Farm Household Allowance; and
- Special Benefits.

These payments are in addition to regular payments and there will be a reduction in means testing and waiting periods including expanded access to the above income support payments including **sole traders and self employed**.

Tax free superannuation withdrawals

Individuals affected by financial distress due to the coronavirus will be able to withdraw up to \$20,000 from their superannuation funds. Withdrawals of \$10,000 will be available from April up to 30 June 2020 with another payment of \$10,000 available up to 30 June 2021.

This withdrawal may be applied for via your myGov account (excluding SMSF).

Those eligible must satisfy certain criteria which includes being unemployed, in receipt of certain welfare payments as listed above, being made redundant or being impacted by 20% reduced hours. This is also available to sole traders whose business has been suspended, or suffered a 20% or more reduction in turnover.

There will also be a temporary 50% reduction in minimum drawdown requirements for account-based pensions for the 2019-20 and 2020-21 income years.

Business Tax

Tranche One Measures:

Increasing the instant asset write-off and business investment incentive

Businesses with turnover of less than \$500 million will be able to access the instant asset write-off for eligible purchases up to \$150,000 per asset until 30 June 2020.

The purchase of certain new depreciable assets purchased after 12 March 2020 and used or installed by 30 June 2021 will be allowed a 50% accelerated depreciation deduction.

Tranche Two Measures:

Boosting cash flow for employers

This measure provides for a tax free payment to small and medium sized businesses who employed people before 12 March 2020. This amount is up to a total of \$100,000 being \$50,000 in the current financial year and \$50,000 for the next financial year. The minimum payment is \$20,000.

The payment will be equal to the lesser of 100% of PAYG withheld or \$50,000 for the year ended 30 June 2020 and also the next financial period of July 2020 through to September 2020.

This payment will be delivered as a credit on your ATO Integrated Client Account. The government have announced that the first payments under this measure will be processed from 28 April 2020. As such, we would recommend to clients where this measure may be applicable that they should aim to have their March 2020 BAS prepared & lodged as soon as possible.

Agribusiness Measures

Recipients of the Farm Household Allowance (FHA) will be able to access the \$550 per fortnight Coronavirus supplement over the next six months in addition to other support measures already discussed.

Eligibility requirements for the FHA such as income and asset testing have been relaxed to make it easier for farming operations to access support. If you believe that this may be of some assistance to you and would like further advice, please contact our office.

Other Measures

A number of further stimulus measures have also been announced by State governments. However, we have only discussed those measures deemed most applicable to our clients. If you need advice for specific situation, please contact our office.

Please Note: Our offices remains open and all of our staff are able to work from home if required. As such, we remain committed to helping our clients navigate their way through this uncertain time. If you would like to discuss any aspects of your financial situation and how the stimulus package may help you, please call or email our office.