

The stimulus package: What you need to know.

The Government has announced a \$66.1 Billion stimulus package that boosts income support payments, introduces targeted changes to the superannuation rules, provides cash flow support of up to \$100,000 for small business owners and relaxes corporate insolvency laws.

Support for Business

Increase and extension of the instant write-off.

From the 12th March 2020, the instant write off threshold will increase from \$30,000 to \$150,000 and access to the write off will be expanded to include business with aggregated annual turnover of less than \$500 million until 30th June 2020.

Assets will need to be used or installed ready for use from when the changes were announced on 12th March 2020 until 30th June 2020 to qualify for the higher threshold. Any assets previously purchased do not qualify for the higher threshold, similarly, assets purchased but not installed ready for use by the 30th June 2020 will not qualify.

There are some assets that don't qualify, such as horticultural plants, capital works and motor vehicles that are above the car depreciation limits of \$57,581. If the cost of the motor vehicle is above the car depreciation limit of \$57,581 the write off amount will be limited to that threshold.

Cash flow support measures up to \$100,000 for employers.

Eligible businesses with a turnover of less than \$50 million will be able to access tax free cash flow support, with the minimum amount being increased to \$10,000 and the maximum amount increased to \$50,000 covering the period to 30th June 2020. Additional support will be provided in the July – September period so that eligible entities will receive total minimum support of \$20,000 and up to \$100,000.

The cashflow support measure will be provided in the form of a credit in the integrated client account statement and will come in two phases.

Implementation process of cash flow support measures.

1. In the first phase, employers will receive a credit equal to 100% of the PAYG amounts withheld from salary and wages paid to employees up to a maximum of \$50,000. Businesses that lodge on quarterly basis will receive the credits in the quarters ending March 2020 and June 2020 lodgements. Businesses that lodge on monthly basis will receive the credits in the March 2020, April 2020, May 2020 and June 2020 lodgements.
2. The second phase ensures employers receive another series of credits, equal to the credits that were received under the first phase. For example, if a business receives \$40,000 in the first phase it will receive a further \$40,000 of credits in the second phase. Credits in the second phase will be available for quarters ending June 2020 and September 2020 if you lodge on a quarterly basis and if you lodge on a monthly basis, credits will be available for the June 2020, July 2020, August 2020 and September 2020 lodgements.

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3. The minimum \$10,000 payment will be applied to the first lodgement. In addition, if a business pays salary and wages to employees but is not required to withhold any tax then a minimum payment of \$10,000 will be made in the second phase.

Wage Subsidy of Up to 50% of an apprentice or trainee wage.

Eligible employers can apply for a wage subsidy of 50% of the apprentice's or trainee's wage for up to 9 months from 1st January 2020 to 30th September 2020. To be eligible, employers must have less than 20 employees. Employers will receive up to \$21,000 per apprentice (\$7,000 per quarter).

It is expected that employers will be able to register for the subsidy from early April 2020. Final claims for payment must be lodged by 31st December 2020.

Access to working capital

SME's with a turnover of up to \$50 million will be eligible to receive SME guarantee scheme that will guarantee 50% of new loans to SME's. These loans are new short term unsecured loans, the term of these loans are as follows.

- Maximum total size of loan of \$250,000 per borrower.

- Loans will be up to three years, with initial six months repayment holiday.

- Loans will be in the form of unsecured finance, meaning that borrowers will not have to provide an asset as security for the loan.

In addition, the Australian Banking Association members will defer loan repayments for 6 months for small business (affected small business will need to apply for relief).

Other WA state stimulus package.

A one off grant of \$17,500 will be available for employers with annual Australian taxable wages of more than \$1 million and up to \$4 million. You do not need to apply for this grant, grants will be automatically paid by cheque from July 2020.

The payroll tax threshold will be increased to \$1 million on 1st July 2020. In addition, affected employers can apply to defer their monthly payroll tax payments until July 2020.

Other possible economic relief and third stimulus package

Treasurer Josh Frydenberg has revealed a third stimulus package is due to be released which will be aimed at renters, including commercial. Meanwhile, speak to your landlords regarding any rental assistance.