



## **The COVID-19 stimulus package**

Details as at 19 March 2020

The Government has announced a \$17.6 billion economic stimulus package to support the Australian economy whilst we deal with the significant impact that the Corona Virus is going to continue to have on our nation. A part of this has been allocated to small businesses. It would be a good idea to consult your Accountant to discuss how these incentives may benefit your business. The key points applicable to small business are the following:

### **(1) Cash flow assistance for businesses**

(Benefiting around 690,000 businesses employing around 7.8 million people).

- Businesses with a turnover of less than \$50million, employing staff from 1 Jan 2020 to 30 June 2020 will be eligible for a tax free payment from anywhere between \$2000-\$25,000. The payment will be delivered by the ATO as a credit in the activity statement from 28 April 2020 upon businesses lodging eligible activity upcoming activity statements.
- Eligible businesses that withhold tax to the ATO on their employees' salary and wages will receive a payment equal to 50 per cent of the amount withheld, up to a maximum payment of \$25,000.
- Eligible businesses that pay salary and wages will receive a minimum payment of \$2,000, even if they are not required to withhold tax.

### **(2) Support for business investment**

- The instant asset write off (IAWO) threshold will be increased from \$30K to \$150K and access to this benefit will now be expanded to include an annual turnover of up to \$500 million ( up from \$50 million ) until June 30, 2020.
- Accelerating depreciation deductions. In short, businesses with lower than \$500k turnover will be able to deduct an additional 50% of the asset cost in its year of purchase.

### **(3) Stimulus Payment**

A one – off \$750 economic support payment if you are in receipt of one of the following payments: Age Pension, Disability Support Pension, Carer Payment, Carer Allowance, Parenting Payment, Wife Pension, Widow B Pension, ABSTUDY (Living Allowance), Austudy, Bereavement Allowance, Newstart Allowance, Youth Allowance, Partner Allowance, Sickness Allowance, Special Benefit, Widow Allowance, Farm Household Allowance, Family Tax Benefit, Family Tax Benefit, Double Orphan Pension.

You'll also get the payment if you have 1 of the following concession cards:

Pensioner Concession Card, Commonwealth Seniors Card, DVA Gold Card.

You'll also get the payment if you get 1 of the following Department of Veterans' Affairs payments:

Veterans Service Pension, Veteran's Income Support Supplement, Veterans' Compensation payments

War Widow(er) Pension. You'll only get 1 payment, even if you get more than 1 qualifying payment or card.

### **(4) 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 provided through existing or newly established Government programs.



## **ATO Flexibility**

In the wake of the above stimulus package, the ATO has now signalled a more flexible approach in the way it will approach the handling of tax payers affairs over the coming months.

This flexibility includes:

- Up to a 4 month deferral of the payment date of amounts due through Business Activity Statements.
- Allowing quarterly GST reporting businesses to opt into monthly GST reporting in order to gain faster access to GST refunds.
- Businesses will be allowed to vary PAYG Instalment amounts to \$0.00 for the April- June 2020 Quarter.
- The ATO will also look to remit any interest and penalties, incurred on or after 23 January 2020, that have been applied to tax liabilities, and allow affected businesses to pay their existing and ongoing tax liabilities by allowing them to enter into low-interest payment plans.

It is important to note that the above concessions are not automatically applied.

Instead, businesses and their advisers will be required to contact the ATO on its 1800 806 218 Emergency Support Info line to discuss their situation.

## **More Information**

More details can be found on the [ATO](#).

RSM has also put together a summary on [their website](#) with some further details however, the actual detail will be released further once the legislation has passed parliament.