



In response to the Coronavirus crisis, and in an effort to boost the economy and save jobs, the Federal Government has outlined new measures in a stimulus package worth nearly \$18 billion.

Below is a summary of the proposed stimulus measures.

Support for business investment

The following measures are designed to assist Australian businesses and economic growth in the short term:

Increasing the instant asset write-off

- **Threshold increased from \$30,000 to \$150,000**
- Applies to businesses with aggregated turnover of less than \$500 million (up from \$50 million)
- **Applies from today's announcement to 30 June 2020**
- The \$150,000 threshold applies on a per asset basis so eligible businesses can immediately write-off multiple assets
- Applies for new or second-hand assets first used or installed ready for use by 30 June 2020.

Investment incentive

- **A deduction of 50 per cent of the cost of an eligible asset on installation, with existing depreciation rules applying to the balance of the asset's cost**
- Applies to businesses with aggregated turnover below \$500 million
- Eligible assets are new assets that can be depreciated under Division 40 of the ITAA97 (i.e. plant, equipment and specified intangible assets) acquired after today's announcement and first used or installed by 30 June 2021 (NOTE: This measure does not apply to second-hand Division 40 assets or capital works subject to Division 43)

NOTE: the announcement did not reference the removal of the depreciation limit for cars.

Cashflow assistance for business

The following measures are designed to support employers, employment and improve business confidence:

Boosting cashflow for employers

- Will provide a tax-free payment up to \$25,000 back to business, with a minimum payment of \$2,000 for eligible businesses
- Eligible businesses are those SME's with aggregated annual turnover under \$50 million (generally the prior year turnover)
 - The payment will be delivered by the ATO as a credit in the activity statement from 28 April 2020 when the business lodges its activity statement
 - **Eligible businesses that withhold tax 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 where they are not required to withhold.**
- The ATO will deliver the payment as a credit to the business upon lodgement of their activity statements (with the minimum payment applied to the first lodgement)
 - Quarterly lodgers will be eligible to receive the payment for the quarters ending March 2020 and June 2020
 - Monthly lodgers will be eligible to receive the payment for the March 2020, April 2020, May 2020 and June 2020 lodgements (with the payment calculated at 3 times the rate (i.e. 50 per cent in the March 2020 activity statement)).

Supporting apprentices and trainees

- Eligible employers can apply for a wage subsidy of 50 per cent of the apprentice's or trainee's wage paid during the 9 months from 1 January 2020 to 30 September 2020(and this subsidy will be available to a new employer where the business is unable to retain an apprentice)
- Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (i.e. \$7,000 per quarter)
- Eligible small businesses are those employing fewer than 20 full-time employees who retain an apprentice or trainee (with the apprentice or trainee being in training with a small business as at 1 March 2020)
- Employers will be able to access the subsidy after an eligibility assessment is undertaken by an Australian Apprenticeship Support Network provider.

Assistance for severely affected regions

Funds will be available to assist during the next few months and over the year ahead, to ensure these communities are well placed to recover:

Support for Coronavirus-affected regions and communities

- An initial \$1 billion allocation to support regions and communities disproportionately affected by the economic impacts of the Coronavirus (e.g. tourism, agriculture, education) that will be provided through existing or newly established Government programs
- The Minister for Trade, Tourism and Investment will work with affected industries and communities to develop recovery plans and measures.

ATO administrative relief

- The Australian Taxation Office (ATO) will provide administrative relief for certain tax obligations for taxpayers affected by the Coronavirus outbreak, on a case-by-case basis
- The ATO will setup a temporary shopfront in Cairns within the next few weeks with a dedicated staff specialising in assisting small business (and will consider presence in other regions as well).

Stimulus payments to households

This measure is designed to assist around 6.5 million lower-income Australians, including pensioners and social, security and veteran income support recipients:

- The Government will provide a one-off \$750 payment (with one payment per recipient)
- The payment will be tax-exempt and will not count as income or Social Security, Farm Household Allowance and Veteran Payments
- Eligible recipients are those residing in Australia and be receiving a payment specified by the Government (such as the Age Pension, Carer Payment, Newstart Allowance, etc) or hold a concession card on 12 March 2020
- The one-off payment will be paid automatically from 31 March 2020 by Services Australia or Veterans' Affairs.