



## Stimulus relief package and what this could mean for **BUSINESS OWNERS**

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A number of measures have been put in place to support Australians and the economy in response to the Coronavirus.

We have put together some information to summarise the key measures **for business owners** and to assist you in understanding the help that could be available to you and your loved ones.

### When will the announced benefits become available?

All of the measures recently announced up to 22 March 2020 have now been legislated. While some benefits are available to be accessed immediately, others will commence in the coming weeks and months.

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### Small business loans – relief package

Australian banks will provide support to eligible small businesses by deferring loan payments for up to six months, where assistance is required as a result of COVID-19. The intention is for banks to implement this as soon as possible. If you haven't yet been contacted by your bank you should phone them to discuss your options.

### Coronavirus Guarantee Scheme

The Coronavirus Guarantee Scheme will provide a Government guarantee of 50% of the value of new loans issued by eligible lenders to small and medium sized businesses. The intention of this measure is to increase access to loans by businesses impacted by the Coronavirus.

### Additional lump sum payments to employers

Small and medium sized businesses and not-for-profit organisations (with turnover of less than \$50m) that *employ people* will receive payments of between \$20,000 and \$100,000 to assist with operating expenses.

The amount will be made available in two instalments.

The amount of payment depends on whether your business is required to withhold tax on salary and wages for employees. If you don't have employees, you won't be eligible for these payments.

### How much will I receive?

Where you're required to withhold tax on salary and wages for employees, you'll be entitled to an initial amount equal to 100% of the amount of tax withheld (up to a maximum of \$50,000).

Where you don't actually withhold any tax, because for example, your employees earn amounts below the tax free threshold, you will still qualify for the minimum payment of \$10,000.

The second payment will be the same amount as the first payment, without any recalculation.

### When will I receive the payments?

The payments will be tax free and received as a credit on the business' activity statements by the ATO from 28 April 2020. The timing of the credit will vary depending on the required frequency of lodgement of activity statements (eg monthly or quarterly). All eligible businesses will receive a first payment of at least \$10,000. Where this puts your business in a refund position, these amounts will be paid to you by the ATO within 14 days.

## **Instant asset write-off**

From 12 March 2020, the instant write-off threshold will increase from \$30,000 to \$150,000. It has also been broadened and will be available to businesses with an annual turnover of up to \$500 million for the current financial year (an increase from \$50 million). This applies to new or second-hand assets used or installed ready for use by 30 June 2020. The increased write-off threshold will apply on a per asset basis until 30 June 2020.

## **Accelerated depreciation**

Accelerated depreciation of 50% will apply to eligible assets until 30 June 2021. Eligible assets are those acquired after the announcement and are used or installed ready for use by 30 June 2020. However, it does not apply to second-hand assets, building or other capital works deductible under separate tax provisions. This concession will be available to business with aggregated turnover of less than \$500 million.

## **Employers with apprentices and trainees**

If you're an eligible employer who employs apprentices or trainees, you can apply for a subsidy of 50% of the employee's wage. This applies for the period of 1 January – 30 September 2020. The maximum payment is \$21,000 per apprentice or trainee.

If you're unable to retain an apprentice, the subsidy will be available to the new employer.

To be classified as an eligible employer, you must have less than 20 full-time employees. The apprentice or trainee must be in employment with a small business as at 1 March 2020. Other employers, regardless of size, and Group Training Organisations that re-engage eligible out-of-trade apprentices or trainees are also eligible for the subsidy.

Eligible employers can register for the subsidy from early April 2020 and final claims for payments lodged by 31 December 2020.

### Other measures

Additional measures announced include:

- Support for regions and communities impacted by the virus with reliance on tourism, agriculture and education
- Administrative relief provided by the ATO for certain tax obligations, such as lodging tax returns and activity statements, which will be assessed based on individual circumstances, and
- Comprehensive health package of \$2.4 billion.

You may wish to contact the ATOs Emergency Support Infoline on 1800 806 218 or email [COVID-19Taxissues@ato.gov.au](mailto:COVID-19Taxissues@ato.gov.au).

### Next steps

To find out more about these and any other issues or concerns you may have, please contact your financial adviser.

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