



Coronavirus (COVID-19) Economic Stimulus Package

Most of you would have heard by now about the government's coronavirus economic stimulus package.

The government is planning to introduce these measures to help protect the economy and help keep people in jobs.

More detail will be released over the next few weeks as the Bills are introduced into Parliament, but the four key measures are:

- ◆ Delivering support for business investment
- ◆ Cash flow assistance for employers
- ◆ Stimulus payments to households to support growth
- ◆ Assistance for severely affected regions

The Government has committed an additional \$2.4 billion to support our health system to manage any further outbreak in Australia.

In addition, the Government has also committed to cover 50 per cent of additional hospital costs incurred by states and territories related to the diagnosis and treatment of patients with, or suspected of having, the Coronavirus.

Please remember these measures are only announcements at this stage!

ATO Response to Businesses Affected by COVID-19

In addition to the measures taken by the federal government to help protect the economy, the Australian Taxation Office (ATO) has implemented a series of administrative measures to further assist Australians experiencing financial difficulty as a result of the COVID-19 outbreak.

The ATO will also work with the tax profession, other government agencies and local organisations to make sure other impacted communities are also supported during this time.

Unlike the bushfire relief measures, which applied automatically to particular geographical areas, assistance measures for those impacted by COVID-19 will not be automatically implemented.

What Byfields Are Doing

At this point in time, all of our offices are open for business as usual.

The health and wellbeing of our staff, our families, and our clients is our highest priority. We have instituted an internal COVID-19 policy and continually review and update this policy on a daily basis.

Our staff are here to help you should you be impacted so please contact us if you would like to discuss anything contained within this newsletter further.

DELIVERING SUPPORT FOR BUSINESS INVESTMENT

The Government is backing businesses to invest to help the economy withstand and recover from the economic impact of Coronavirus.

The two business investment measures in this package are designed to assist Australian businesses and economic growth in the short-term, and encourage a stronger economic recovery following the Coronavirus outbreak.

Increasing the Instant Asset Write-Off

The Government is increasing the instant asset write-off (IAWO) threshold from \$30,000 to \$150,000 and expanding access to include all businesses with aggregated annual turnover of less than \$500 million (up from \$50 million) until 30 June 2020.

In 2017-18 there were more than 360,000 businesses that benefited from the current IAWO, claiming deductions to the value of over \$4 billion.

The IAWO threshold

The higher IAWO threshold provides cash flow benefits for businesses that will be able to immediately deduct purchases of eligible assets each costing less than \$150,000. The threshold applies on a per asset basis, so eligible businesses can immediately write-off multiple assets.

The IAWO is due to revert to \$1,000 for small businesses (turnover less than \$10 million) from 1 July 2020.

Eligibility

The Government is expanding access so that more businesses can take advantage of the IAWO. The annual turnover threshold for businesses is increasing from \$50 million to \$500 million. Expanding the threshold will mean an additional 5,300 businesses who employ around 1.9 million Australians will be able to access the IAWO for the first time.

Timing

This proposal applies from announcement until 30 June 2020, for new or second-hand assets first used or installed ready for use in this timeframe.

Backing Business Investment (BBI)

The Government is introducing a time limited 15 month investment incentive to support business investment and economic growth over the short-term, by accelerating depreciation deductions.

The key features of the incentive are:

- ◆ *benefit* — 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;
- ◆ *eligible businesses* — businesses with aggregated turnover below \$500 million; and
- ◆ *eligible assets* — new assets that can be depreciated under Division 40 of the Income Tax Assessment Act 1997 (i.e. plant, equipment and specified intangible assets, such as patents) acquired after announcement and first used or installed by 30 June 2021. Does not apply to second-hand Division 40 assets, or buildings and other capital works depreciable under Division 43.

Eligibility

Businesses with aggregated turnover below \$500 million, purchasing certain new depreciable assets.

Timing

Applies to eligible assets acquired after announcement and first used or installed by 30 June 2021.

CASH FLOW ASSISTANCE FOR EMPLOYERS

This assistance will support businesses to manage cash flow challenges and help businesses retain their employees. These two measures are designed to support employing small and medium enterprises and to improve business confidence. In addition, the wage subsidy for apprentices and trainees will help to ensure the continued development of the skilled workforce that employers need.

Boosting Cash Flow for Employers

The Boosting Cash Flow for Employers measure will provide up to \$25,000 back to business, with a minimum payment of \$2,000 for eligible businesses. The payment will provide temporary cash flow support to small and medium businesses that employ staff. The payment will be tax free.

Eligibility

Small and medium business entities with aggregated annual turnover under \$50 million and that employ workers will be eligible. Eligibility will generally be based on prior year turnover.

- ◆ The payment will be delivered by the Australian Taxation Office (ATO) as a credit in the activity statement system from 28 April 2020 upon businesses lodging eligible 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.

Timing

The Boosting Cash Flow for Employers measure will be applied for a limited number of activity statement lodgments. The ATO will deliver the payment as a credit to the business upon lodgment of their activity statements. Where this places the business in a refund position, the ATO will deliver the refund within 14 days.

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 lodgments. To provide a similar treatment to quarterly lodgers, the payment for monthly lodgers will be calculated at three times the rate (150 per cent) in the March 2020 activity statement.

The minimum payment will be applied to the business' first lodgment.

Supporting Apprentices and Trainees

The Government is supporting small business to retain their 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. Where a small business is not able to retain an apprentice, the subsidy will be available to a new employer.

Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter).

Support will also be provided to the National Apprentice Employment Network, the peak national body representing Group Training Organisations, to co-ordinate the re-employment of displaced apprentices and trainees throughout their network of host employers across Australia.

Eligibility

The subsidy will be available to small businesses employing fewer than 20 full-time employees who retain an apprentice or trainee. The apprentice or trainee must have been in training with a small business as at 1 March 2020.

Employers of any size and Group Training Organisations that re-engage an eligible out-of-trade apprentice or trainee will be eligible for the subsidy.

Employers will be able to access the subsidy after an eligibility assessment is undertaken by an Australian Apprenticeship Support Network (AASN) provider.

Timing

Employers can register for the subsidy from early-April 2020. Final claims for payment must be lodged by 31 December 2020.

Further information is available at:

- ◆ The Department of Education, Skills and Employment website at www.dese.gov.au
- ◆ Australian Apprenticeships website at www.australianapprenticeships.gov.au

For further information on how to apply for the subsidy, including information on eligibility, contact an Australian Apprenticeship Support Network (AASN) provider.

STIMULUS PAYMENTS TO HOUSEHOLDS TO SUPPORT GROWTH

The Government will provide a one-off \$750 payment to around 6.5 million social security, veteran and other income support recipients and eligible concession card holders. Around half of those that benefit are pensioners. This payment will help to support confidence and domestic demand in the economy.

There will be one payment per eligible recipient. That is, if a person qualifies for the one-off payment in multiple ways, they will only receive one payment.

The payment will be exempt from taxation and will not count as income for Social Security, Farm Household Allowance and Veteran payments.

Eligibility

To be eligible, you must be residing in Australia and be receiving one of the following payments or hold one of the following concession cards on 12 March 2020:

- ✓ 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
- ✓ Family Tax Benefit, including Double Orphan Pension
- ✓ Pensioner Concession Card holders
- ✓ Commonwealth Seniors Health Card holders
- ✓ Veteran Service Pension; Veteran Income Support Supplement; Veteran Compensation payments, including lump sum payments; War Widow(er) Pension; and Veteran Payment
- ✓ Veteran Gold Card holders
- ✓ Farm household allowance

Where someone has lodged a claim for one of the eligible payments or concession cards by 12 March 2020, and the claim is subsequently granted, they will also receive the one-off payment.

If you are a holder of a Commonwealth Seniors Health Card or Veteran Gold Card, you will be contacted to confirm your account details, so the one-off payment can be made as soon as possible.

Timing

The one-off payment will be paid automatically from 31 March 2020 by Services Australia or the Department of Veterans' Affairs. Over 90% of payments will be made by mid-April 2020.

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.

This will include the waiver of the Environmental Management Charge for tourism businesses that operate in the Great Barrier Reef Marine Park and the waiver of entry fees for Commonwealth National Parks. It will also include additional assistance to help businesses identify alternative export markets or supply chains. Targeted measures will also be developed to further promote domestic tourism.

Eligibility

The Minister for Trade, Tourism and Investment will work with affected industries and communities to develop recovery plans and measures.

Timing

The \$1 billion will be available for distribution through existing or new mechanisms as soon as practicable.

AUSTRALIAN TAXATION OFFICE SUPPORT MEASURES

The Australian Taxation Office (ATO) will implement a series of administrative measures to assist Australians experiencing financial difficulty as a result of the COVID-19 outbreak.

Below are the relief options that may be available to affected businesses:

Payment deferrals

If you or your business has been impacted by the COVID-19 outbreak, the ATO can work with you to defer some payments and vary instalments you have due, such as income tax and activity statement (including PAYG instalments) by up to four months.

Monthly GST credits

For businesses with a turnover of under \$20m, and currently on a quarterly reporting cycle, you may elect to change your GST reporting and payment to monthly, to get quicker access to GST refunds you are entitled to.

You can only change from the start of a quarter, so a change now will take effect from 1 April 2020. Once you choose to report and pay GST monthly, you must keep reporting monthly for 12 months before you can elect to revert to quarterly reporting.

Monthly Fuel Tax Credits

If you're registered for fuel tax credits, and change your GST reporting from quarterly to monthly, you will also need to claim your fuel tax credits monthly.

Pay as you go instalments

If you are a quarterly pay as you go (PAYG) instalments payer you can vary your PAYG instalments on your activity statement for the March 2020 quarter. You can do this by lodging a revised activity statement before your instalment is due and before you lodge your income tax return for the year.

Businesses that vary their PAYG instalment rate or amount can also claim a refund for any instalments made for the September 2019 and December 2019 quarters.

Remitting interest and penalties

Where your business is affected by COVID-19, the ATO will consider remitting interest and penalties applied to tax liabilities incurred after 23 January 2020.

Low interest payment plans

If your business has been affected by COVID-19 and you need help to pay your existing and ongoing tax liabilities, the ATO will offer a low interest payment plan.

Super guarantee payments

Employers still need to meet super guarantee obligations for their employees as and when due.

If your business is affected by COVID-19, we encourage you to speak to your Byfields accountant or ring the ATO Emergency Support Infoline on 1800 806 218 for help tailored to your circumstances.