



Who gets what from the first coronavirus stimulus package

In good news for small-to-medium sized businesses, late last week, the government has announced a package of temporary measures worth \$17.6 billion to support the Australian economy from the impact of COVID-19. Whilst they will apply either now or retrospectively from 1 January 2020, the measures will require legislative change.

1. Supporting Business Investment.

Instant asset write-off threshold increase to \$150,000

For depreciable assets acquired from today until 30 June 2020, the instant asset write-off threshold will increase from \$30,000 to \$150,000. Further, it will be available for businesses with group-wide annual turnover below \$500 million (up from \$50 million). This allows a full deduction for the cost to acquire the asset (new or second-hand), rather than deducting over several years, where the asset's cost is *less* than the threshold. The threshold is net of any GST credit, so just be careful to ensure the amount is below \$150,000 after you deduct the GST credit from the purchase price.

Accelerated Depreciation Deduction.

For depreciable assets acquired from today until 30 June 2021, they will speed up depreciation deductions for businesses with group-wide annual turnover below \$500 million. It will allow an additional deduction of 50% of the asset's cost in the year of purchase (besides the normal amount of depreciation deduction). This is merely a bringing forward of deducting half the asset's cost, resulting in the asset's cost being deducted over a shorter period than normal. Presumably, this applies to assets that are not subject to the above instant asset write-off (ie, it applies to assets costing \$150,000+ until 30 June 2020, and \$1,000+ for 1 July 2020 to 30 June 2021). To receive the benefit of this additional deduction, you would need to lodge your 2020 tax return.

2. Cashflow Assistance For Business.

Boost Cashflow For Employers

Employers with group-wide annual business turnover below \$50 million will receive one or more payments totalling to between \$2,000 (minimum) and \$25,000 (maximum). It's for businesses who employed staff between 1 January and 30 June 2020 and is tax free.

The payments will be 50% of the PAYG withholding amount on your March and June quarterly BASs. For monthly lodgers, it applies to the March-June BASs (with March's withholding amount multiplied by 3, then 50%, to make up for January and February). This is



allowable until you reach the \$25,000 limit. The benefit will come as a credit in the activity statement system, and so you can factor it into a reduced amount paid upon lodgement. If your credit amount would put you into a refund position, payments of refunds will start after 28 April 2020.

Apprentices And Trainees

Eligible employers, with fewer than 20 employees can apply for a wage subsidy of 50% of the apprentice's or trainee's wage for up to nine months from 1 January to 30 September 2020. Limited to \$21,000 (\$7,000 per quarter).

3. Stimulus Payments To Households

Pensioners, social security, veteran and other income support recipients will receive a one-off \$750 payment. It will be tax free and not count as income for certain means-tested benefits. Payments will start from 31 March.

4. Affected Regions And Sectors.

Sectors and regions disproportionately affected by the COVID-19, such as tourism, agriculture and education, will receive targeted support. This includes a waiver of certain fees and help to identify alternative export markets or supply chains, and further promote domestic tourism. The government will also offer administrative relief for certain tax obligations, including deferral of tax payments by up to four months. However, this administrative relief is on a case-by-case basis, and businesses will need to apply. We expect more details will follow on eligibility and the application process.

As mentioned, these measures still require the adoption of legislation in the parliament. However, given the current economic climate, adoption of the legislation is likely. We will continue to provide you with updates and more information as we receive it. In fact, it is likely today we will see additional measures provided by the government to help support casual employees and businesses during this concerning time.

As always, if you have any questions please let us know.