



Australian Government

**Australian Federal Government
Economic Response to the Coronavirus – March 2020**



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1. Support for business cashflow (up to \$100,000):

(Previously announced as \$25,000)

Small businesses and Not-for-profit entities with a turnover under \$50 million will receive automatic credits in their ATO Integrated Client Account, totalling 100% of tax withheld from salary and wages for the eligible periods.

The tax-free payment is worth 100% of the tax that small and medium-sized businesses withhold from their employees' salary and wages for the eligible period, up to a maximum amount of \$100,000.

The amount will be credited by the Australian Taxation Office, based on the business's monthly or quarterly business activity statements.

Where the credit generates a refund, the amount will be paid within 14 days.

Eligible businesses that pay salary and wages but are not required to withhold any tax from the salary and wages, will receive credits totalling a minimum \$20,000 for the eligible periods.

Example: If you are reporting and paying PAYGW monthly:

If your business reported PAYG withholding monthly and withheld \$8,788 from your employees' wages each month, you would be entitled to credits totalling \$100,000:

Payment	Eligible months	PAYG Withheld	Credit Amount	Comments
1st round of Boosting payments	Mar-20	8,788	26,364	Credit equal to 3 times the PAYGW for March
	Apr-20	8,788	8,788	Credit equal to PAYGW for April
	May-20	8,788	8,788	Credit equal to PAYGW for May
	Jun-20	8,788	6,060	Credit for \$6,060, before reaching \$50,000
2nd round of Boosting payments	Jun-20		12,500	Credit for June - 25% of total 1st round of payments
	Jul-20		12,500	Credit for July - 25% of total 1st round of payments
	Aug-20		12,500	Credit for August - 25% of total 1st round of payments
	Sep-20		12,500	Credit for September - 25% of total 1st round of payments
Total			100,000	

If you are reporting and paying PAYGW quarterly:

If your business reported PAYG withholding quarterly and withheld \$3,510 from your employees' wages each quarter, you would be entitled to credits totalling \$20,000:

Payment	Eligible quarters	PAYG Withheld	Credit Amount	Comments
1st round of Boosting payments	Mar-20	3,510	10,000	Minimum \$10,00 credit
	Jun-20	3,510	-	
2nd round of Boosting payments	Jun-20		5,000	Credit for June equal to 50% of the Boosting payment
	Sep-20		5,000	Credit for June equal to 50% of the Boosting payment
Total			20,000	

The minimum \$20,000 credit will also be available to businesses where no PAYG tax was withheld from salary and wages for each quarter, but salary and wages are still paid to employees.

2. Supporting apprentices and trainees

Employers can apply for a wage subsidy of 50% of the apprentice's or trainee's wage for up to nine months from 1 January 2020 to 30 September 2020.

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

3. Support for business investment (Instant asset write-off)

Businesses with an annual turnover of less than \$500 million can immediately write off assets purchased for under \$150,000 from 1 July 2019 to 30 June 2020.

If the eligible asset is above the threshold of \$150,000 (i.e. its cost was \$150,00 or more), and installed ready for use by 30 June 2021, the business can deduct 50% of the cost, with existing depreciation rules applying to the balance of the asset's cost.

4. Support for credit (Loan guarantees)

The government will guarantee 50% of unsecured loans taken out in the six months from 1 April 2020 to 30 September 2020 by small businesses disrupted by the coronavirus.

Features of the loan will include:

- Maximum of \$250,000 per borrower
- Loan will be unsecured finance
- Maximum three-year term
- No repayments for the first six months
- Drawn down when needed

- Will not apply to existing customers re-financing
- Used for working capital purposes

Small business entities with less than \$50 mil turnover will be eligible to receive these loans.

5. Support for individuals (\$550 fortnightly supplement):

If you have found yourself affected by the economic downturn, you will be able to access a "Coronavirus Supplement" of \$550 a fortnight for the next six months.

This supplement will be paid to both existing and new recipients of the following eligible payment categories:

- Jobseeker Payment (formerly Newstart)
- Those currently receiving Partner Allowance, Widow Allowance, Sickness Allowance and Wife Pension
- Youth Allowance Jobseeker
- Parenting Payment (Partnered and Single)
- Farm Household Allowance
- Special Benefit recipients

The Government will also waive the asset test and waiting periods to access the payment.

Anyone who is eligible for the Coronavirus Supplement will receive the full rate of the supplement of \$550 per fortnight, on top of their existing payment each fortnight.

If you are a couple and your partner earns more than \$80,000, you are not eligible for the coronavirus supplement. The threshold was previously \$48,000. (*announced 30-03-2020*).

Sole traders, self-employed, and casual workers who are currently making less than \$1,075 a fortnight will be eligible to receive the full supplement.

Anyone eligible for the maximum Jobseeker payment will now receive more than \$1,100 a fortnight, effectively doubling the Jobseeker allowance.

6. Support for households (\$750 stimulus payments):

First payment of \$750 – payable on 31 March 2020

The first payment (announced on 12 March 2020) will be available to people who are eligible for the following payments and concession cards from 12 March 2020 to 13 April 2020:

Age Pension	Family Tax Benefit, including Double Orphan
Disability Support Pension	Pension
Carer Payment	Carer Allowance
Parenting Payment	Pensioner Concession Card (PCC) holders
Wife Pension	Commonwealth Seniors Health Card holders
Widow B Pension	DVA PCC holders
ABSTUDY (Living Allowance)	DVA Education Scheme recipients

Austudy	Disability Pensioners at temporary special rate
Bereavement Allowance	DVA Income support pensioners at \$0 rate
Newstart Allowance	Veteran Gold Card holders
JobSeeker Payment	Farm Household Allowance
Youth Allowance	Veteran Service Pension
Partner Allowance	Veteran Income Support Supplement
Sickness Allowance	Veteran Compensation payments
Special Benefit	War Widow(er) Pension
Widow Allowance	Veteran Payment

The first payment will be made automatically on 31 March 2020.

Second payment of \$750 – payable on 13 July 2020

The second payment will be available to people residing in Australia who, on 10 July 2020, are eligible payment recipients and concession card holders in the table above.

The second payment will not be available if you get the \$550 a fortnight Coronavirus Supplement.

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

The second payment will be made automatically on 13 July 2020.

7. Early access to super:

Under the changes announced in the second package, the Government will allow individuals “in financial stress” as a result of the coronavirus downturn to have limited access to their superannuation savings.

Eligible individuals will be able to apply online through MyGov for access of up to \$10,000 of their superannuation before 1 July 2020.

They will also be able to access up to a further \$10,000 from 1 July 2020.

Who is eligible for this limited access to super?

- People who are unemployed, or are eligible to receive a jobseeker payment, youth allowance for jobseekers, parenting payment (which includes the single and partnered payments), special benefit or the farm household allowance.
- Sole traders and workers who, on or after 1 January 2020, had their income or hours reduced by 20 per cent or more as a result of coronavirus.
- Sole traders who, on or after 1 January 2020, had their business suspended.

People accessing their superannuation will not need to pay tax on amounts released and the money they withdraw will not affect Centrelink or Veterans’ Affairs payments.

8. Support for retirees:

The Government is temporarily reducing minimum pension drawdown requirements for account-based pensions and similar products by 50% for the 2020, and 2021 income years.

Deeming rates will also be reduced by a further 0.25 percent to reflect the latest rate reductions by the RBA. From the beginning of May, the lower deeming rate will be 0.25 per cent and the upper deeming rate will be 2.25 per cent.

9. Relief for financially distressed businesses

The Government has put in place a safety net, to provide temporary relief for businesses that are in financial distress. This safety net includes:

- A temporary increase in the threshold at which creditors can issue a statutory demand on a company.
- A temporary increase in the threshold for a creditor to initiate bankruptcy proceedings, an increase in the time period for debtors to respond and extending the period of protection a debtor receives.
- Temporary relief for directors from any personal liability for trading insolvent.
- Temporary flexibility for companies from provisions in the Act to deal with unforeseen events that arise from the Coronavirus.

10. Support for aged care:

Direct care workers will receive payments of up to \$800 after tax per quarter, for two quarters.

In-home carers will receive payments of up to \$600 after tax per quarter, for two quarters.

11. Expect more to come:

The benefits provided under the Government's *'Economic response to the Coronavirus'* may be subject to further changes as the proposals are yet to be passed through Parliament.

The Government has already indicated a third stimulus package will be released shortly.

12. ATO administrative relief:

The ATO has announced a series of administrative measures to assist taxpayers experiencing financial difficulty as a result of the COVID-19 outbreak. These options include:

- Deferring by up to four months the payment date of amounts due through the business activity statement, including Pay As You Go (PAYG) instalments, income tax assessments, FBT assessments and excise.
- Allowing businesses on a quarterly reporting cycle to opt into monthly GST reporting in order to gain quicker access to net GST refunds to which they may be entitled.

- Allowing businesses to vary PAYG instalment amounts to zero for the March 2020 quarter; businesses that vary their PAYG instalment to zero can also claim a refund for any instalments made for the September 2019 and December 2019 quarters.
- No penalties or interest will be charged for variations to PAYG instalments for the 2019-20 year.
- Remitting any interest and penalties, incurred on or after 23 January 2020, that have been applied to tax liabilities.
- Working with affected businesses to help them pay their existing and ongoing tax liabilities by allowing them to enter low-interest payment plans.

The above measures are meant to provide cash flow relief only, the full income tax liability for the relevant income year will still need to be paid when it falls due after year end, although payment deferral options may be available.

13. Job Keeper Payment

- Under the JobKeeper Payment, businesses impacted by the Coronavirus will be able to access a wage subsidy from the Government to continue paying their employees. Affected employers will be able to claim a fortnightly payment of \$1,500 per eligible employee from 30 March 2020, for a maximum of 6 months.

Employers will be eligible for the subsidy if:

- their business has a turnover of less than \$1 billion and their turnover will be reduced by more than 30 per cent relative to a comparable period a year ago (of at least a month)
- Eligible employees will receive a minimum of \$1,500 per fortnight, before tax. It will be up to the employer if they want to pay superannuation on any additional wage paid because of JobKeeper Payments.

14. Links

The following links to Australian Federal Government websites provides additional and updated information as new measures are announced or changes to measures previously announced are made:

- [Treasury – General information](#)
- [Treasury – Detailed resources page on various initiatives](#)
- [Services Australia](#)
- [Australian Government - Business Resources & Support](#)
- [Australian Government – Coronavirus updates \(general information\)](#)