

CLIENT ALERT: CORONAVIRUS – GOVERNMENT ANNOUNCES STIMULUS PACKAGE!

On 12 March 2020, the Government [announced](#) its stimulus package to protect the Australian economy from the economic impact of the coronavirus. Detailed legislation is to be introduced into Parliament in the week beginning 23 March 2020 and Hall Chadwick will keep you updated when the stimulus package becomes final.

So what's in the stimulus package

1. *\$750 one-off payments*

For those who are on social security, veteran and other income support recipients and eligible concession card holders on 12 March 2020, [\\$750 one-off payment](#) will be made, with one payment per recipient if they qualify in multiple ways. This payment will be tax-free and will not count as income for Social Security, Farm Household Allowance and Veteran Payments.

2. *Increase in instant asset write-off*

From 12 March 2020, [increase](#) in the instant asset write-off threshold from \$30,000 to \$150,000, and increasing access to this for businesses with aggregated annual turnover of less than \$500M (up from \$50M) until 30 June 2020 (when the instant asset write-off threshold is to revert to \$1,000).

3. *Accelerated depreciation*

For assets acquired and installed prior to 30 June 2021, businesses with turnover of less than \$500M will be able to deduct 50% of the cost of an eligible asset on installation. The balance of the cost of the asset will be depreciated over the life of the asset per existing rules.

This applies only to new assets that can be depreciated under Division 40 (i.e. not second-hand, and includes plant, equipment and specified intangible assets such as patents and software), and not other capital works depreciable under Division 43

4. *Cash flow assistance for employers*

The [Boosting Cash Flow for Employers](#) will provide up to \$25,000 cash for small and medium-size businesses, with a minimum of \$2,000 for eligible businesses. This cash amount is tax-free. Eligible businesses are those with aggregated annual turnover with <\$50M that employ staff. The \$50M turnover is based on prior year's turnover

- Eligible businesses that withhold tax on wages will receive a payment equal to 50% of the amount withheld, up to a maximum 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.
- The minimum payment will be applied to the business' first eligible activity statement lodged.
- For quarterly lodgers, activity statements eligible for this credit is the March 2020 and June 2020 quarters. For monthly lodgers, activity statements eligible for this credit is March, April, May and June 2020 months. To provide a similar treatment to quarterly lodgers, the payment for monthly lodgers will be calculated at three times the rate (150%) in the March 2020 activity statement.

- The payment will be delivered by the ATO as a credit from the March 2020 activity statement upon lodgement due date of 28 April 2020. Where this puts the activity statement into credit, it will be refunded to the business within 14 days

5. *Wage subsidy for apprentice or trainee wages*

Eligible employers can apply for a wage subsidy of 50% of their apprentice's or trainee's wages for up to 9 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).

To be eligible, the employer must be a small business employing fewer than 20 full-time employees (and who retain an apprentice or trainee). The apprentice or trainee must have been in training with a small business as at 1 March 2020.

Employer will be able to access the subsidy after an eligibility assessment is undertaken by an Australian Apprenticeship Support Network (AASN) provider. Employers can register for the subsidy from early April 2020. Final claims for payment must be lodged by 31 December 2020.

6. *Assistance for severely affected regions*

The Government has set out aside [\\$1 billion](#) to support regions disproportionately affected by impact of the Coronavirus, including industries such as tourism, agriculture and education.

The ATO will provide administrative relief for certain tax obligations (similar to relief provided following the bushfires, see [here](#)) for taxpayers affected by the Coronavirus outbreak, on a case by case basis.

What do I need to do?

We will need to wait for the legislation to be introduced and passed for the stimulus package to be finalised and become law. Hall Chadwick will keep you updated in the last week of March and advise you as soon as this is applicable.

In the meantime take care of yourself, and each other.

If you have any questions or would like more information, please contact our office:

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