



Coronavirus Small Business Stimulus Package Unpacked Update 23 March 2020



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PAYG Relief

For businesses with a turnover of less than \$50 million and that employ staff between 1 January 2020 and 30 June 2020

- Small businesses can receive a payment equal to 100% of the employee income tax amount withheld, up to a maximum payment of \$100,000 (\$20,000 minimum)
- A minimum payment of \$10,000 may be available to businesses that pay wages but are not required to pay tax

Business will automatically receive payments of 100% of the amount withheld via their business activity statements (BAS) or instalment activity statement (for PAYG) from 28 April 2020, with refunds to be paid within 14 days after that date.

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Tax Free Cash Payment

For businesses with a turnover of less than \$50 million and that employ staff between 1 January 2020 and 30 June 2020

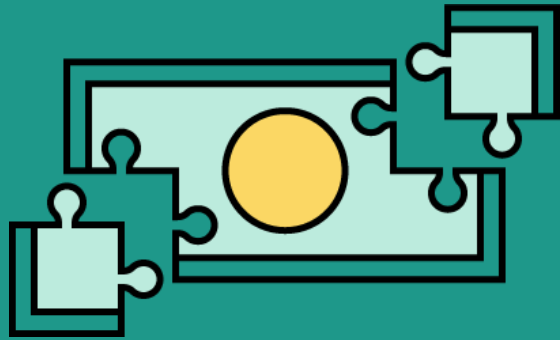
- Not-for-profits and small businesses with a turnover under \$50 million will receive a TAX-FREE cash payment from \$20,000 up to \$100,000 to help them retain staff and continue operating
- Eligible entities will receive an additional payment equal to the total of all of the 'boosting cash flow for employers' payments received

The payment will be available from 28 April 2020.

An additional payment is also being made from 28 July 2020.

Payments will flow automatically through the ATO.

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Loan Guarantees

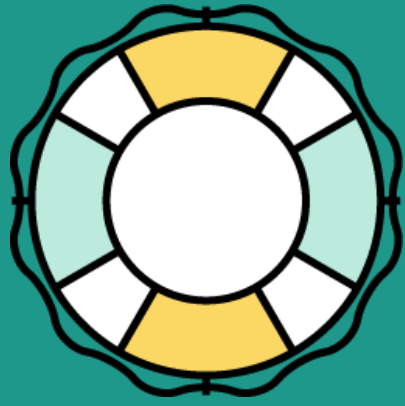
Government will guarantee 50% of NEW unsecured loans taken out by small businesses in the 6 months commencing 1 April 2020

- Guarantee 50% of the value of new bank loans to SMEs up to \$250,000, over a 3 year term
- No repayments for the first 6 months

Check that your bank is part of the scheme offered by the Government.

CANNOT be used to refinance existing loans.

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Superannuation Access

For individuals or **SOLE TRADERS** who have seen their hours, work or income fall by 20% or more.

- Access up to \$10,000 for the 2019/20 financial year
- Access to \$10,000 for the 2020/21 financial year

Withdrawals are **TAX FREE** for those eligible for the COVID19 supplement.

On successful application via the myGov website when applications open in April 2020.

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Sole Trader Job Seeker Payment

For individuals or **SOLE TRADERS** who have seen their hours, work or income fall by 20% or more.

- Eligible sole traders will be granted access to the job seeker allowance, which now includes an additional Coronavirus supplement of \$550 per fortnight for the next six months.
- Individuals will still be able to keep operating their businesses and earn up to \$1,075 per fortnight before their payments are affected.

Standard waiting periods and asset tests will be waived to allow quicker access to these payments.
Application must first be approved via the Services Australia website.

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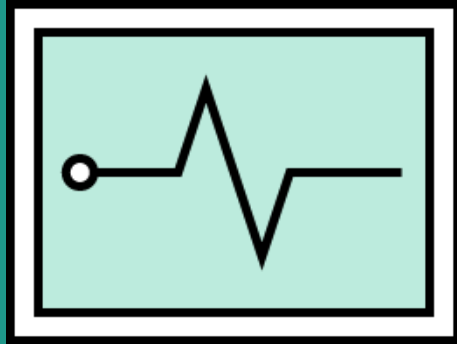
Instant Asset Write Off

For businesses with an aggregated annual turnover of less than \$500 million (up from \$50 million)

- \$150,000 per eligible item
- Can be applied to NEW or SECOND HAND assets installed during the applicable dates

Applicable from 12 March 2020 until 30 June 2020.
Government still to advise how to access this incentive.

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Accelerated Depreciation

For businesses with an aggregated annual turnover of less than \$500 million that are purchasing NEW depreciable assets

- Businesses will be able to deduct an additional 50% off an asset cost in the year of purchase
- Eligible assets covered are new assets that can be depreciated under Division 40 of the Income Tax Assessment Act 1997

Applicable from 12 March 2020 until 30 June 2021.
Government still to advise how to access this incentive.



Apprentice and Trainee Wage Subsidy

For businesses with fewer than 20 full time employees who retain an apprentice or trainee

- Eligible employers can apply for a wage subsidy of 50% of an apprentice's or trainee's wage for up to 9 months from 1 January 2020 to 30 September 2020
- Businesses can be reimbursed up to a maximum of \$21,000 per eligible apprentice: \$7,000 per quarter for the first three quarters of 2020

You can register for the subsidy from early April 2020. All Claims for this subsidy must be lodged by 31 December 2020. More resources: Australian Apprenticeship Support Network (AASN): <https://www.australianapprenticeships.gov.au/>

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Bankruptcy & Insolvency Leniency

All small businesses facing insolvency or bankruptcy as a result of the Coronavirus

- Threshold at which a creditor can take action against a small business has increased from \$2,000 to \$20,000.
- The mandatory response time has also increased from 21 days to 6 months.
- Temporary relief for directors from any personal liability for trading while insolvent has also been announced.

Government still to publish more details

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ATO Support

ATO infoline: 1800 806 218

**Additional COVID19 support
offered by the ATO**

- Deferring by up to 6 months the payment date of amounts due through the Business Activity Statement (BAS), Income Tax Assessments, Fringe Benefits Tax and Excise
- Quicker access to GST refunds by opting into a monthly GST reporting instead of quarterly
- Vary Pay As You Go (PAYG) instalment amounts to ZERO for March 2020 quarter.

Businesses that vary their PAYG to zero for the March quarter can also claim a refund for any instalments made in the September 2019 and December 2019 quarters.

Call the ATO to see how they can help you with low interest payment plans on existing and ongoing tax liabilities.

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