

PRIME MINISTER ANNOUNCES \$17.6B CORONAVIRUS COVID - 19

Last week, Prime Minister Scott Morrison, announced a \$17.6 billion stimulus package in an attempt to mitigate the effects that the Coronavirus Covid 19, will have on the Australian Economy. The Government is aiming to have most of this support out in the economy before 30 June 2020.

The stimulus package has a heavy focus on business, with emphasis on driving investment, boosting cashflow, while encouraging the retention of staff, apprentices and trainees. Additionally, there will be support for individuals, as well as regions and communities that have been disproportionately affected.

Highlights

Cashflow assistance for businesses

In an effort to support and assist cashflow for employers, the Government will provide up to \$25,000 cash back to business. The minimum payment an eligible business will receive is \$2,000. Small and medium businesses with an annual turnover of less than \$50 million will be eligible.

Timing

The ATO will deliver the payment as a credit to the eligible business, upon lodgement of their activity statements. When the application of the credit available, places the activity statement into a refund position the ATO will pay the refund in 14 days.

TYPE OF LODGER	ELIGIBLE PERIOD	LODGEMENT DUE DATE
Quarterly	Quarter 3 (January, February & March 2020)	28 April 2020
	Quarter 4 (April, May & June 2020)	28 July 2020
Monthly	March 2020	21 April 2020
	April 2020	21 May 2020
	May 2020	22 June 2020
	June 2020	21 July 2020

Support for Apprentices and Trainees

The Government will support small business who 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 nine months from, 1 January 2020 to 30 September 2020. The maximum subsidy per apprentice or trainee is \$21,000 (\$7,000 per quarter).

DELIVERING SUPPORT FOR BUSINESS INVESTMENT

Increasing the Instant Asset Write-Off (IAWO)

The Government is increasing the IAWO threshold, from \$30,000 to \$150,000. Additionally, it will expand access to businesses with an annual turnover of up to \$500 million.

The higher IAWO threshold will enable businesses to immediately deduct purchases of eligible assets, each costing less than \$150,000. This threshold increase can be applied to multiple assets.

This initiative can be applied on both new and second-hand assets, first used or installed before 30 June 2020.

Note that the IAWO is due to revert to \$1,000 for small businesses with annual turnover of less than \$10 million, from 1 July 2020.

Backing Business Investment (BBI)

In addition to the IAWO increases, the Government is introducing an accelerated depreciation deduction for assets first used or installed by 30 June 2021.

This initiative will enable an eligible business to claim 50% of the cost of an asset upon installation, with existing depreciation rules to the balance of the assets cost.

Other Assistance

The Australian Tax Office will also provide administrative relief to businesses affected by the Coronavirus outbreak for certain obligations. These will be assessed on an individual basis.

For individuals, one-off payments of \$750 will be paid to Australians who currently receive pensions, other social security and veteran income support and eligible concession card holders. The one-off payment will be paid from 31 March 2020.

Please contact Inform Business Accounting to understand how these changes may affect your business and how your March BAS will be impacted.

We can be reached on (03) 9399 3769 or enquiries@informba.com