



# Covid-19 Support Packages – March 2020

*Below I have outlined areas of support, in order of business, business lending, individuals and ATO concessions. The details have been taken from various official websites and links to maximise information. As this is a quickly and vastly changing landscape, be sure to check for updates. I have also listed a few miscellaneous opportunities you may find useful. Stay healthy and well.*

**Facebook for Business** Grants of up to \$100 million are being offered: Info to follow in the next few weeks. Here is the link: [https://www.facebook.com/business/grants?content\\_id=KKf6RWdoyo87L7QO](https://www.facebook.com/business/grants?content_id=KKf6RWdoyo87L7QO)

**CCIQ Free Membership** Chamber of Commerce and Industry Queensland (CCIQ) are offering 12 months free membership worth \$792. Get in fast though as this ends 31.3.2020. Link: <https://qldchamber.com.au/>

**ATO** Generally a few relaxations are occurring. For example, FBT *may* not be applicable if you provide emergency return home flights, accommodation or food to employees. The COVID-19 remission only applies to interest and penalties that were incurred on or after 23 January 2020. If you have debts before then, or on a repayment plan, talk to them. No promises but sounds like they will consider your circumstances so call them.

## **BUSINESS - GENERAL AUSTRALIAN GOVERNMENT STIMULUS PACKAGES**

**Boosting cash flow for employers** The Government is providing up to \$100,000 to eligible small and medium-sized (SMEs) businesses, and not-for-profits (NFPs) that employ people, with a minimum payment of \$20,000 to help with operating, paying rent, electricity, bills and retaining staff. SMEs with aggregated annual turnover under \$50 million who employ workers are eligible. NFPs, including charities will now also be eligible.

Under the enhanced scheme, employers will receive a payment equal to 100 per cent of their salary and wages withheld, with the maximum payment being \$50,000. For employers not deducting tax, the minimum payment is \$10,000. An additional payment will be introduced in the July – October 2020 period. This is effective from 28.4.2020 and you must have been established by 12.3.2020.

The credits are automatically calculated by the ATO and employers will need to lodge their BAS to trigger the entitlement. If you're due a refund, it will be done by the ATO within 14 days. Eligibility will be based on prior year turnover; ***we'll have to wait for the legislation to determine the finer details.*** The Fact sheet link: [https://treasury.gov.au/sites/default/files/2020-03/Fact\\_sheet-Cash\\_flow\\_assistance\\_for\\_businesses\\_0.pdf](https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Cash_flow_assistance_for_businesses_0.pdf)

**Temporary relief for financially distressed businesses** It is important that normally healthy businesses have a safety net to make sure that when the crisis has passed they can resume normal business. One element is to lessen the threat of actions that could unnecessarily push them into insolvency or being wound up. Temporary increases to thresholds are set, before creditors can issue a statutory demand on a company and the time companies have to respond. The package also includes temporary relief for directors from any personal liability for trading while insolvent, and providing temporary flexibility in the Corporations Act 2001 to provide temporary and targeted relief from provisions of the Act to deal with unforeseen events that arise as a result of Covid-19.

The ATO will also tailor solutions for owners or directors of business that are currently struggling due to the Coronavirus, including temporary reduction of payments or deferrals, or withholding enforcement actions including Director Penalty Notices and wind-ups. Fact sheet: [https://treasury.gov.au/sites/default/files/2020-03/Fact\\_sheet-Providing\\_temporary\\_relief\\_for\\_financially\\_distressed\\_businesses.pdf](https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Providing_temporary_relief_for_financially_distressed_businesses.pdf)



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**Increasing the instant asset write-off** The threshold has gone from \$30K to \$150K and extended to include businesses with a turnover of up to \$500M. Up to \$50M. It applies from the time of announcement (March 2020) to 30.6.2020 and is for new or second-hand assets first used or installed ready for use in this timeframe.

**Backing business investment** The Government is introducing a time limited 15 month investment incentive (through to 30 June 2021) to support business investment and economic growth over the short term, by accelerating depreciation deductions. Businesses with a turnover of less than \$500 million will be able to deduct 50 per cent of the cost of an eligible asset on installation, with existing depreciation rules applying to the balance of the asset's cost. Link: [https://treasury.gov.au/sites/default/files/2020-03/Fact\\_Sheet-Delivering\\_support\\_for\\_business\\_investment.pdf](https://treasury.gov.au/sites/default/files/2020-03/Fact_Sheet-Delivering_support_for_business_investment.pdf)

**Supporting apprentices and trainees** The Government is supporting small business to 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 for 9 months from 1 January 2020 to 30 September 2020. Where a small business is not able to retain an apprentice, the subsidy will be available to a new employer that employs that apprentice. Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter). Link: [https://treasury.gov.au/sites/default/files/2020-03/Fact\\_sheet-Cash\\_flow\\_assistance\\_for\\_businesses\\_0.pdf](https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Cash_flow_assistance_for_businesses_0.pdf)

## CREDIT & LENDING - GENERAL AUSTRALIAN GOVERNMENT STIMULUS PACKAGES

**Support for immediate cash flow needs for SMEs** Under the Coronavirus SME Guarantee Scheme, the Government will provide a guarantee of 50 per cent to SME lenders to support new short-term unsecured loans to SMEs. The Scheme will guarantee up to \$40 billion of new lending. This will provide businesses with funding to meet cash flow needs, by further enhancing lenders' willingness and ability to provide credit. This will assist otherwise viable businesses across the economy facing significant challenges due to disrupted cash flow to meet existing obligations. The factsheet on this is at: <https://treasury.gov.au/coronavirus/business-investment>

**Quick and efficient access to credit for small business** The Government is cutting red tape by providing a temporary exemption from responsible lending obligations for lenders providing credit to existing small business customers. This reform will help small businesses get access to credit quickly and efficiently.

**RBA – Supporting the flow and reducing the cost of credit** The Reserve Bank of Australia (RBA) announced a package on 19 March 2020 that will put downward pressure on borrowing costs for households and businesses. This will help mitigate the adverse consequences of the Coronavirus on businesses and support their day-to-day trading operations. The RBA is supporting small businesses as a particular priority.

The RBA announced a term funding facility for the banking system. Banks will have access to at least \$90 billion in funding at a fixed interest rate of 0.25 per cent. This will reinforce the benefits of a low cash rate by reducing funding costs for banks, which in turn will help reduce interest rates for borrowers. To encourage lending to businesses, the facility offers additional low-cost funding to banks if they expand their business lending, with particular incentives applying to new loans to SMEs.

In addition, the RBA announced a further easing in monetary policy by reducing the cash rate to 0.25 per cent. It is also extending and complementing the interest rate cut by taking active steps to target a 0.25 per cent yield on 3-year Australian Government Securities.



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## INDIVIDUALS - GENERAL AUSTRALIAN GOVERNMENT STIMULUS PACKAGES

**Increased & Accelerated Income Support** The Government is temporarily expanding eligibility to income support payments and establishing a new, time-limited Coronavirus supplement to be paid at a rate of \$550 per fortnight. This supplement will be paid to both existing and new recipients of the eligible payment categories. These changes will apply for the next six months. Eligibility categories include jobseeker payments, youth allowance, parenting payment (partner and single) and farm household allowances.

**Special Benefit recipients** Anyone who is eligible for the Coronavirus supplement will receive the full rate of the supplement of \$550 per fortnight. Expanded access for the period of the Coronavirus supplement will occur.

**Expanded access** Jobseeker Payment and Youth Allowance Jobseeker criteria will provide payment access for permanent employees who are stood down or lose their employment; sole traders; the self-employed; casual workers; and contract workers who meet the income tests as a result of the economic downturn due to the Coronavirus. This could also include a person required to care for someone who is affected by the Coronavirus.

**Reduced means testing and waiting periods** Asset testing for JobSeeker Payment, Youth Allowance Jobseeker and Parenting Payment will be waived for the period of the Coronavirus supplement. Income testing will still apply to the person's other payments, consistent with current arrangements. The one week Ordinary Waiting Period has already been waived. From April 2020 people can apply online after they have rung to identify themselves; so no need for the long queues at Centrelink. There will be still (varied) 'Mutual Obligations'. For the full fact sheet: [https://treasury.gov.au/sites/default/files/2020-03/Fact\\_sheet-Income\\_Support\\_for\\_Individuals.pdf](https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Income_Support_for_Individuals.pdf)

**Payments to support households** The Government is providing two separate \$750 payments to social security, veteran and other income support recipients and eligible concession card holders. The first will be made from 31 March 2020 and the second from 13 July 2020. This payment will help to support confidence and domestic demand in the economy. The second payment will not be made to those eligible for the Coronavirus supplement.

**Temporary early release of super** The Government is allowing individuals affected by the Coronavirus to access up to \$10,000 of their super in 2019-20 and a further \$10,000 in 2020-21. Individuals will not need to pay tax on amounts released and the money they withdraw will not affect Centrelink or Veterans' Affairs payments.

**Temporarily reducing super minimum drawdown rates** The Government is temporarily reducing superannuation minimum drawdown requirements for account-based pensions and similar products by 50 per cent for 2019-20 and 2020-21. This measure will benefit retirees holding these products by reducing the need to sell investment assets to fund minimum drawdown requirements.

**Tenants & Home Mortgages** From listening to the PM on ABC News, measures are being put in place that tenants cannot be evicted. Banks are also coming to the party in respect of loan repayments and interest however, it may be best to talk to your bank; they may not provide you these concessions unless you ask.

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