

Stimulus update

24 March 2020

WA Government stimulus

The WA Government has announced several financial stimulus measures. These include:

- J Freeze on Household fees and charges increases until July 2021.
- J One off grant of \$17,500 to small and medium business with a payroll of between \$1M and \$4M. This grant will automatically be paid by cheque if eligible.
- J The increase of the payroll tax threshold to \$1M will commence from 1 July 2020.
- J Payment deferrals for payroll tax are available to business affected (directly or indirectly) by the COVID-19 outbreak with payroll up to \$7.5M. A form will need to be completed to secure the deferral.

Federal stimulus

The Federal Government has announced two stimulus packages on 12 March 2020 and 22 March 2020. The various measures are summarised below:

- J Increase in the Instant Asset Write-off amount from \$30,000 to \$150,000 to 30 June 2020. In addition, any business with turnover of less than \$500M would be able to access this concession – up from \$50M.
 - o At this time, the instant asset write-off amount will revert back to \$1,000 from 1 July 2020 – subject to any further changes
- J Assets acquired until 30 June 2021, not eligible for the Instant Asset Write-off, would be depreciated at 50% in the first year, with the balance depreciated under the normal depreciation rates for the entity. Business with turnover less than \$500M will be eligible for this concession.
- J A \$100,000 (Initially \$25,000) cash flow boost to small and medium sized business employers with annual turnover of under \$50M. This amount will be credited to your ATO account over 2 rounds in different time periods. If a credit balance occurs, the refund will be paid by the ATO, if current bank details have been provided.
 - o The first round \$50,000 will be 100% of the PAYG Withholding reported on activity statements lodged for the March and June quarters, up to a maximum payment of \$50,000. A minimum payment of \$10,000 will apply for

eligible businesses, regardless of the amount reported as withheld on the Activity Statements.

- An additional (second round) payment equal to the total payment received in round 1 will be paid in the July – October period.
-)] Employers of apprentices and trainees maybe eligible for a subsidy of 50% of the wages paid to these employees for the 9 months from 1 January 2020 to 30 September 2020. This is capped at \$7,000 per quarter for eligible apprentices and trainees. To qualify, you must employ less than 20 full time employees. This subsidy must be applied for from early April.
-)] A one off payment of \$750 to pensioners, social security, veteran and other income support recipients and eligible concession card holders.
-)] The Commonwealth is offering to guarantee of 50% to SME lenders for new unsecured loans of up to \$250,000 for a term of up to 3 years.
-)] The Government is allowing individuals affected by the Coronavirus to access up to \$10,000 of the superannuation in 2019-20, and a further \$10,000 in early 2020-21 (exact end date to be confirmed). To be eligible you must satisfy one of the below requirements. The application for early release will be done via the myGov website from mid-April.
 - Unemployed; or
 - Eligible to receive a job seeker payment, youth allowance for jobseekers, parenting payment, special benefit payment or farm household allowance; or
 - On or after 1 January 2020:
 - You were made redundant; or
 - Your working hours were reduced by 20 per cent or more; or
 - If you are a sole trader – your business was suspended or there was a reduction in your turnover of 20 per cent or more.
-)] Reduction in the minimum pension drawdown requirement by 50%. This may be of benefit if you do not need the funds for living expenses, and reduce the need to sell underperforming investments at this time.

ATO relief

In addition to the stimulus announced by the Government, the ATO is providing administrative relief to businesses effected by the Coronavirus. One of these is by offering payment deferrals for all debts until at least 13 July 2020. These deferrals include no penalties or GIC being imposed on the debts.

The deferrals must be requested before they will be applied, so please contact us if you need assistance contacting the ATO.

Banking assistance

Various banks have followed the Federal Government's announcement this morning to provide relief to small businesses by deferring repayments for 6 months. Select banks have also started to announce repayment deferrals for home loan customers. We expect further announcements and details to be provided this week.

In addition, the banks have responded to the interest rate cut by restructuring their products. These changes vary amongst the banks, and you should contact your bank manager to find out the specifics of any relief or new deals available to you.

Rent assistance

The PM announced that the States (lead by WA & NSW) were looking into providing relief for tenants in both residential and commercial tenancies. At this stage, no details have been provided, but it is likely that the relief will assist some businesses as well as residential tenants.

We suggest you contact your landlord to provide assistance by way of a reduction, deferral or temporary waiver.

Budget delayed

The Government have announced that the budget will not be presented until October. This delay may also impact measures announced in the previous budget that have not yet been enacted.

For further information, please contact our office.