

Dear Clients,

GOVERNMENT STIMULUS PACKAGE

On Thursday 12th of March the Federal Government released details on a proposed **stimulus package** in response to the economic impact of the Corona virus pandemic. The stimulus package includes the following proposals:

- Provide a **one-off tax free \$750 cash payment** to income support recipients, such as age pensioners or Department of Veterans' Affairs (DVA) income recipients, or holders of eligible concession cards. To be eligible, the person must reside in Australia and be receiving a listed payment or card on 12 March 2020. A person will only receive one payment even if they hold multiple eligible benefits. The payment is expected to be made in mid-April 2020.
- Increasing the instant **asset write-off threshold from \$30,000 to \$150,000** for businesses with aggregated turnover of less than \$500 million, effective today. The threshold continues to apply on a per-asset basis, so it can be used for multiple purchases. It is due to cease on 30 June 2020.
- **Boosting cash flow for employers**: providing employers with an aggregated annual turnover below \$50m a tax-free payment equal to 50% of Pay As You Go (PAYG) amounts withheld, with a minimum payment of \$2,000 and a cap of \$25,000 **to be delivered as a credit** upon lodgment of the employer's activity statements with the ATO from 28 April 2020. Eligible businesses that pay salary and wages will receive a \$2,000 minimum payment even if they are not required to withhold tax. The ATO will refund monies if this measure places the business in a refund position, and
- **Apprentice and trainee wage subsidy**: providing eligible small businesses
- a wage subsidy of 50% of an apprentice or trainee's wage from 1 January to 30 September 2020, capped at \$21,000





- **A 15-month investment incentive to accelerate depreciation deductions** :
businesses with an aggregated turnover below \$500m will be able to deduct 50% of the cost of an eligible asset on installation, with existing depreciation (or capital allowance) rules applying to the balance of the asset's cost. The measure applies from 12 March 2020 to 30 June 2021 to new assets that can be depreciated under Div 40 of ITAA 1997 (ie plant, equipment and specified intangible assets, such as patents). It does not apply to second-hand Div 40 assets, or buildings and other capital works depreciable under Div 43 of ITAA 1997.
- **ATO administrative relief**
- The ATO will provide administrative relief for some tax obligations for people affected by the coronavirus outbreak, on a case-by-case basis.
- Businesses impacted by the coronavirus should contact the ATO to discuss relief options. **Options include:**
- deferring by up to four months the payment date of amounts due through the business activity statements (BAS, including PAYG instalments), income tax assessments, FBT assessments and excise
- allowing businesses on a quarterly reporting cycle to opt into monthly GST reporting in order to get quicker access to GST refunds they may be entitled to
- allowing businesses to vary PAYG instalment amounts to zero for the April 2020 quarter; businesses that vary their PAYG instalment to zero can also claim a refund for any instalments made for the September 2019 and December 2019 quarters
- remitting any interest and penalties, incurred on or after 23 January 2020, that have been applied to tax liabilities, and
- working with affected businesses to help them pay their existing and ongoing tax liabilities by allowing them to enter into low-interest payment plans.
- Employers will still need to meet their ongoing super guarantee obligations for their employees.
- To make it easier for people to apply for relief, the ATO will be increasing its presence in the areas of highest impact.



- A temporary shopfront with staff specialising in assisting small business will be established in Cairns within the next few weeks. It will also consider ways to enhance its presence in other significantly affected regions. Additional temporary shopfronts and face-to-face options are currently under consideration.
- The ATO will also continue to work with the tax profession, other government agencies and local organisations to make sure other impacted communities are also supported.
- Outside of business, the ATO will also work with individuals experiencing financial hardship, and their tax agents, and will apply appropriate tax relief measures for serious and exceptional circumstances, such as where people cannot pay for food or accommodation. Unlike the ATO bushfire relief measures, which applied automatically to particular geographic areas, assistance measures for those impacted by COVID-19 will not be automatically implemented. Anyone impacted by COVID-19 should contact the ATO to request assistance on its **Emergency Support Infoline 1800 806 218**.

More information on these measures can be found [HERE](#)

Please let us know if you have any queries.

Kind regards,

Frank Trotta FCPA