

Government Response

COVID-19 Financial Assistance Packages

AUSTRALIAN FEDERAL GOVERNMENT

‘Boosting Cashflow Payment’

For businesses with less than \$50 million turnover:

- Minimum Assistance: \$20,000
- Maximum Assistance: \$100,000

Amounts linked directly to the amount of PAYG tax deducted from employees salaries from 1 Jan 2020 to 30 September 2020.

Tranche One

An amount of up to \$50,000 will be rebated to businesses who pay PAYG for employers. This will be delivered as an “automatic credit” via the monthly or quarterly BAS activity statement system. This covers the period 1 Jan to 30 June.

If you do not pay PAYG, there is a minimum payment of \$10,000.

E.g. If you are to pay PAYG for quarter of March of \$40,000 this amount will be rebated back. The next time you lodge your BAS, you will have a rebate of \$10,000 to take you to the maximum possible of \$50,000.

Tranche Two

In the same manner as Tranche One, rebates will be received via BAS lodgement, equal to the total rebate received in Tranche One.

E.g. If you received \$45,000 in Tranche One, you will receive four payments of \$11,250 in June, July, August and September if you lodge monthly. If you lodge quarterly the funds will come via June and September lodgements.

Non-Cash Assistance

These are the cash measures. There are non-cash measures such as write-off accelerations of capital expenditure:

Increasing the instant asset write-off from today, the Government is increasing the instant asset write-off threshold from \$30,000 to \$150,000 and expanding access to include businesses with aggregated annual turnover of less than \$500 million (up from \$50 million) until 30 June 2020.

In 2017-18 there were more than 360,000 businesses that benefited from the current instant asset write-off, claiming deductions to the value of over \$4 billion. 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.

Website resource:

<https://treasury.gov.au/coronavirus/businesses>

VICTORIA

No material information is currently accessible. I understand payroll tax was one of the measures. This will not affect most, if any of our members.

Click on “Economic Survival and Jobs Package” at the link below to register your interest (I have done this – I am not sure what it will mean).

Register your interest:

<https://www.business.vic.gov.au/disputes-disasters-and-succession-planning/illness-and-business-management-plan/coronavirus-business-support#>

NEW SOUTH WALES

No direct impact at this stage. Per Victoria, payroll tax will be waived – not expected to effect many, if any members.

Website resource:

<https://preview.nsw.gov.au/news/health-boost-and-economic-stimulus>

NEW ZEALAND

Assistance is available where business revenues are 30% down on same month last year. If so:

Wage Subsidy

Employers can get wages subsidy of \$585 for 1 FTE (\$7,026) , and \$350 for under 20 hours (\$4,200) per week, for 12 weeks as long as they meet the criteria.

Leave Payment

Employers can get relief for leave due to self-isolation of \$585 (\$4,680) for FTE , and \$350 (\$2,800) for under 20 hours per week, for up to 8 weeks.

Website resource:

<https://www.workandincome.govt.nz/products/a-z-benefits/covid-19-support.html>

Application for Employers:

https://services.workandincome.govt.nz/ess/employer_applications/new

SOLE TRADERS

Many of our members are sole traders. This means you will not have employees and will not receive the Boost benefit discussed earlier. The link below gives you more information, however, the real message is if you think you are going to have financial issues, you must act early.

The banks are providing loan repayment holidays and the tax office will also enter into arrangements. Please take this action early across your financial arrangements – including credit cards and other creditors. Acting early can stop you from getting into serious financial difficulties.

Website Resource:

<https://www.business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business/what-support-is-available-to-your-business>