



## COVID-19 Stimulus Packages & Government Support for MAC Members, Business & Individuals

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*Information supplied by MAC Business Development Unit, developed in conjunction with Hall Chadwick, to support MAC members in business and employment opportunities.*

Unfortunately, over the last few months, the world's financial markets and economies have and are now facing an unprecedented external shock from the coronavirus. It is true to say that these are particularly challenging and extraordinary times that we live in.

As a consequence of these times, the Reserve Bank, the Federal government, State governments, and the banks have deployed stimulus measures to help soften the impact of the virus on households, businesses and the wider economy. A priority of this support for businesses is to try and create a pathway forward until the economy recovers from the impact of the virus. The stimulus measures implemented to date will help boost the momentum in the recovery once it arrives while giving us a pathway forward until the recovery. Our comments on the stimulus packages below are tailored towards small to medium businesses, as well as individuals.

### First Stimulus Package – The Federal Government

The Federal Government on 12 March 2020 released a \$17.6 billion stimulus package to support the economy to counteract the impact of the coronavirus. The support was mostly geared towards businesses, including investment incentives and handouts for small and medium-sized businesses and some cash payments to households.

The key features of the package included:

1. Cash payments to households in the June quarter of this year is a one-off \$750 payment to those on income support such as pensioners and Newstart recipients.
2. Business investment instant asset write-off for expenditure until 30 June 2020. The government has expanded the existing scheme by lifting the threshold from \$30k to \$150k and expanding the coverage to firms with a turnover of up to \$500 million (previously was \$50 million).
3. Business investment accelerated depreciation is available as an incentive for the 15 months to 30 June 2021 for businesses with a turnover of up to \$500 million.
4. Boosting cash flows for small and medium-sized businesses that employ staff for the period to 30 June 2020. The aim is to encourage businesses to continue employing staff. The payment, up to \$25k a business, is in effect a partial refund on tax withheld by the ATO on income tax paid by firms for their employees. Businesses must have an aggregate annual turnover of under \$50 million. This measure was enhanced in the second stimulus package announced on 22 March.
5. Boosting cash flows for small businesses via a wage subsidy for retaining apprentices and trainees.



## Second Stimulus Package – The Federal Government

The Federal government announced on 22 March 2020 a further stimulus package to help businesses survive the crisis. The package is based around increasing support for small businesses. It also includes an income boost to welfare recipients and those who become unemployed due to the virus.

### FOR BUSINESSES

#### 1. Boosting cash flows for employers

- This measure was announced in the previous stimulus package but has now been increased. For eligible small and medium-sized businesses and not-for-profits, including charities, that employ people they can now attain a maximum of \$100,000.
- The minimum payment is \$20,000.
- Under the enhanced scheme, employers will receive a payment equal to 100% of their tax withheld on salaries and wages (up from 50%) with the maximum payment being raised from \$25,000 to \$50,000. The minimum payment is also being raised from \$2,000 to \$10,000.
- Under the enhanced scheme, employers will receive a payment equal to 100% of their tax withheld on salaries and wages (up from 50%) with the maximum payment being raised from \$25,000 to \$50,000. The minimum payment is also being raised from \$2,000 to \$10,000.
- An additional payment is also being introduced in the July - October 2020 period. Eligible entities will receive an additional payment equal to the total of all of the “Boosting Cash Flow for Employers” payments they have received.
- This means that eligible entities will receive at least \$20,000 up to a total of \$100,000 under both payments.
- This cash flow boost is a tax-free payment to employers and is automatically calculated by the ATO. The calculation of this payment is based on lodgement of Business Activity Statements (BAS's) so please ensure that your BAS's are lodged on time and up to date.

#### 2. Supporting apprentices and trainees

- Eligible employers can apply for a wage subsidy of 50% of the apprentice's or trainee's wage paid during the nine 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.
- Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter).
- To be eligible the small businesses must be employing fewer than 20 full-time employees who retain an apprentice or trainee. The apprentice or trainee must have been training with a small business as of 1 March 2020.



Employers can register for the subsidy from early April 2020. Final claims for payment must be lodged by 31 December 2020. More info on making these claims can be found here:

<https://www.australianapprenticeships.gov.au/node/3939>

### **3. Coronavirus SME guarantee scheme**

Under this new stimulus package, the Federal Government has established a \$20 billion Coronavirus SME Guarantee Scheme. It is intended that the scheme will provide a 50% government guarantee on new loans issued by eligible lenders to SME's.

- Businesses with a turnover of less than \$50 million will be eligible, subject to the credit assessments.
- The Federal government will guarantee 50% of an eligible loan through participating banks and nonbank lenders to businesses disrupted by the coronavirus. If you are interested in the SME guarantee scheme you will need to contact a bank/financial institution.
- Loans will be used for working capital purposes and be unsecured, and it will be for loans granted within six months starting 1 April 2020.
- Lenders will not be charged a fee for accessing the guarantee scheme.
- Loans will be repayment free for six months.
- The maximum that can be borrowed under the guarantee facility will be \$250,000 in terms of up to three years.

## **FOR HOUSEHOLDS**

### **1. A new coronavirus supplement**

- A new coronavirus supplement to be paid at a rate of \$550 per fortnight for the next six months.
- The new supplement will be eligible to existing and new recipients of the JobSeeker payment (previously called NewStart), youth allowance jobseeker, parenting payment, farm household allowance, and special benefit.
- An eligible income support recipient will receive the full amount of the \$550 coronavirus supplement on top of their payment each fortnight.
- The government will also waive the asset test and waiting periods to access the payment.

### **2. An additional one-off \$750 payment to welfare recipients**

- In the first stimulus package, the government announced a one-off \$750 payment to welfare recipients. The additional payment will be made from 31 March 2020 to people who have been on one of the eligible payments any time between 12 March and 13 April 2020.
- In this second package, there is an additional \$750 payment to welfare recipients, although this second payment will not be available if you receive the \$550 a fortnight coronavirus supplement.
- This second payment is available to people who are eligible payment recipients and concession card holders on 10 July 2020 with the payment automatically made from 13 July 2020. A person can be eligible to receive both a first and second support payment but can



only receive one \$750 payment in each round of payments, even if they qualify in each round of the payments in multiple ways.

### **3. Superannuation changes**

The Federal government will allow individuals “in financial stress” as a result of the coronavirus downturn to have limited access to their superannuation savings. An eligible person will be able to access up to \$10,000 of their superannuation before 1 July 2020 and a further amount of \$10,000 from 1 July 2020 for another three months. The amount you can access will be capped at up to \$10,000 in the 2019-2020 financial year.

People can seek to have access to their superannuation if they are:

- Unemployed; or
- Eligible to receive a JobSeeker payment, youth allowance for JobSeekers, parenting payment, special benefit or the farm household allowance; or
- On or after 1 January 2020 you were made redundant or your working hours were reduced by 20% or more, or if you are a sole trader where your business was suspended or there was a reduction in your turnover of 20% or more.

From a practical perspective, access can be obtained through MyGov online. A final key point with this stimulus benefit is that there will be no tax to pay on amounts released and money withdrawn will not affect welfare payments.

## **FOR SOLE TRADERS AND/OR THE SELF-EMPLOYED**

### **1. Access to the coronavirus supplement and jobseeker payment**

Access to the coronavirus supplement and JobSeeker payment

Given these difficult trading times, sole traders and the self-employed people will be able to access the JobSeeker payment and the coronavirus supplement. The applicants will be required to make a declaration to Centrelink that their business has been suspended or had turnover reduced significantly as a result of the downturn. Furthermore, sole traders that become eligible for the JobSeeker payment will automatically meet their mutual obligation requirements during this period by continuing to develop and sustain their business.

From a practical perspective access to this benefit for sole traders and/or the self-employed can be obtained through MyGov online.

## **Third Stimulus Package – The Federal Government**

On 30 March 2020, the Prime Minister announced the third package of coronavirus stimulus relief targeting employers. Labelled the JobKeeper Payment, this new stimulus package will provide \$1,500 per fortnight per eligible employee for a maximum of six months.



#### Key Details:

- Employers will be able to apply for the JobKeeper Payment from 30 March 2020 onwards.
- Starting from the first week of May 2020, eligible employers will receive \$1,500 per fortnight for each eligible employee for a maximum of six months (backdated to 30 March 2020). This amount will need to be paid to each employee.
- Eligible employers must top up the wage of anyone paid less than \$1,500 per fortnight and will not be required to pay additional superannuation on any JobKeeper top-up payments.
- Eligible employers are those where the business has had their turnover fall by more than 30%.
- Not-for-profit entities (including charities) and self-employed individuals (businesses without employees) that meet the turnover tests that apply for businesses are eligible to apply for JobKeeper Payments.

To establish that a business has faced a 30% fall in their turnover, most businesses would be expected to prove that their turnover has fallen in the relevant month or three months (depending on whether your BAS's are lodged monthly or every three months) relative to their turnover a year earlier. Where a business was not in operation a year earlier, or where their turnover a year earlier was not typical of their usual or average turnover (e.g. they were newly established or their turnover is typically highly variable), the ATO will have the discretion to consider additional information.

#### ELIGIBLE EMPLOYEES

- Are currently employed by the eligible employer (including those stood down or re-hired);
- Were employed on 1 March 2020;
- Our full-time, part-time, or casuals employed on a regular basis for longer than 12 months as of 1 March 2020;
- The employee must be an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) Visa Holder
- Are at least 16 years old; and
- Are not receiving a JobKeeper Payment from another employer.

#### PAYMENT PROCESS

Eligible employers will be paid \$1,500 per fortnight per eligible employee. Eligible employees will receive, at a minimum, \$1,500 per fortnight, before tax, and employers can top-up the payment.

Where employers participate in the scheme, their employees will receive this payment as follows:

- If an employee ordinarily receives \$1,500 or more in income per fortnight before tax, they will continue to receive their regular income according to their prevailing workplace



arrangements. The JobKeeper Payment will assist their employer to continue operating by subsidising all or part of the income of their employee(s).

- If an employee ordinarily receives less than \$1,500 in income per fortnight before tax, their employer must pay their employee, at a minimum, \$1,500 per fortnight, before tax.
- If an employee has been stood down, their employer must pay their employee, at a minimum, \$1,500 per fortnight, before tax.
- If an employee was employed on 1 March 2020, subsequently ceased employment with their employer, and then has been re-engaged by the same eligible employer, the employee will receive, at a minimum, \$1,500 per fortnight, before tax.

Employers must elect to participate in the wage/salary subsidy scheme and can register their interest at <https://www.ato.gov.au/general/gen/JobKeeper-payment/>

In circumstances where an employee is accessing support through Services Australia (Centrelink) because they have been stood down or had their hours reduced and the employer will be eligible for the JobKeeper Payment, the employee should advise Services Australia (Centrelink) of their change in circumstances online at [my.gov.au](http://my.gov.au) or by telephone.

#### FURTHER INFORMATION

The above information summarises the first, second and third round of stimulus package benefits for small and medium businesses, as well as individuals. If you have any queries regarding these packages please contact us the Hall Chadwick office on 08 9426 0666 or the below email addresses.

**HALL CHADWICK**

**(08) 9426 0666 | [hallchadwickwa.com.au](http://hallchadwickwa.com.au)**



**Andrew Johnson**  
Director  
[ajohnson@hallchadwick.com.au](mailto:ajohnson@hallchadwick.com.au)



**Brendan Storey**  
Assistant Manager  
[bstorey@hallchadwick.com.au](mailto:bstorey@hallchadwick.com.au)