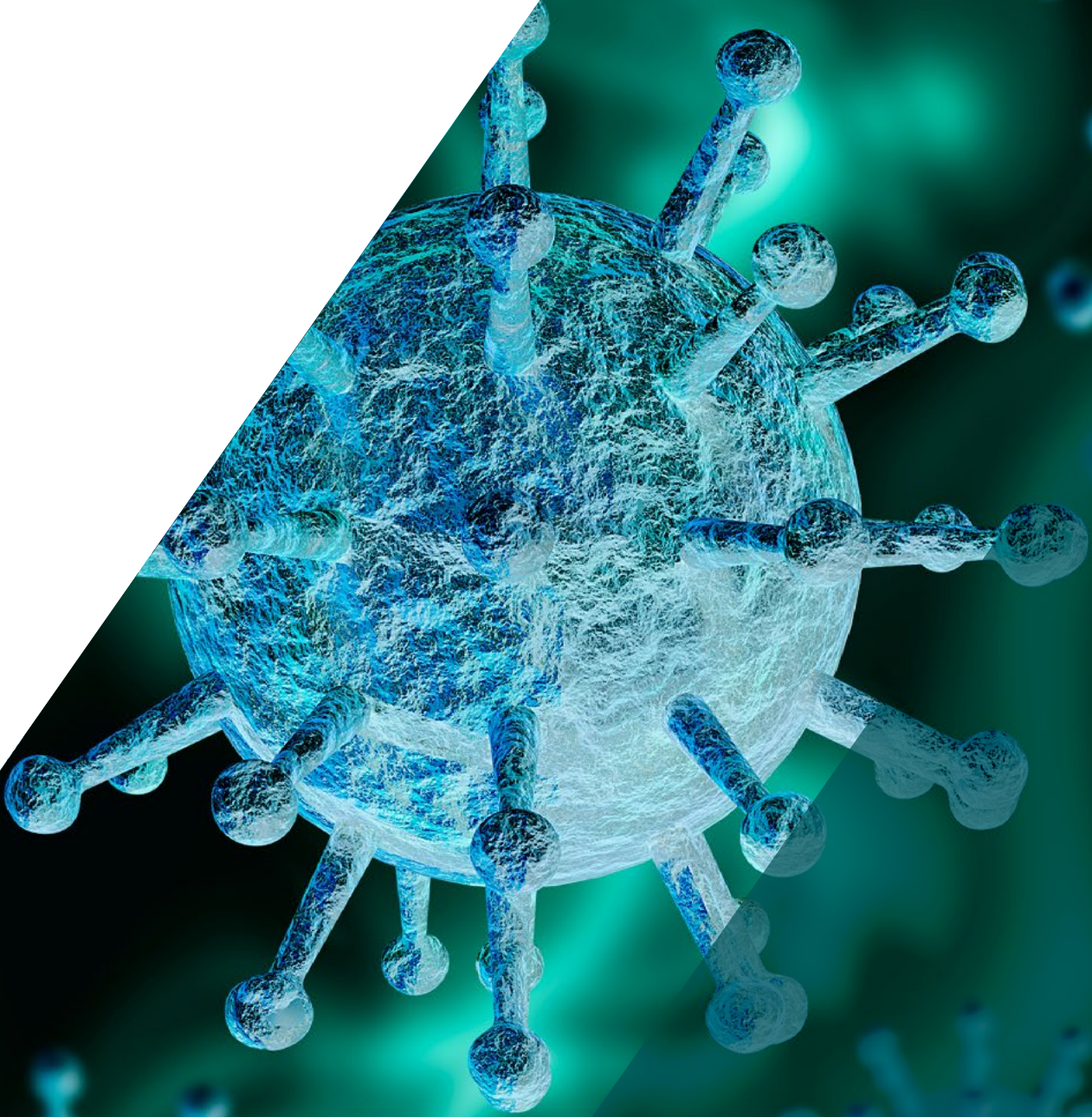




COVID-19 Updates



Contents

13 March 2020

Economic Stimulus Package	3
---------------------------	---

18 March 2020

ATO's Administration Concessions	4
NSW Government Stimulus Package	4

20 March 2020

Banks Announce Small Business Relief Package	5
--	---

23 March 2020

Boost to Federal Government Economic Stimulus Package	6
---	---

Federal Government Economic Stimulus Package

13 March 2020

Yesterday the Federal Government announced a package of temporary measures worth \$17.6 billion to support the Australian economy in the wake of the impact of COVID-19. In his press release, Scott Morrison explained that these measures are targeted to assist small and medium-sized business and to keep Australians in jobs. Whilst the measures are subject to legislative approval, they range in implementation from retrospectively on 1 January 2020 to the date of yesterday's announcement. Below is a summary of the stimulus package.

Supporting business investment

Instant asset write-off threshold increase to \$150,000

For depreciable assets acquired from today until 30 June 2020, the instant asset write-off threshold will increase from \$30,000 to \$150,000. Further, it will be available for businesses with group-wide annual turnover below \$500 million (up from \$50 million). This allows a full deduction for the cost to acquire the asset (new or second-hand), rather than deducting over a number of years, where the asset's cost is less than the threshold. The threshold is net of any GST credit. For example, a machine costing \$165,000, including \$15,000 of GST for which you are entitled to a GST credit, netting to \$150,000 will not qualify – the net-of-GST-credit cost must be less than \$150,000.

Accelerated depreciation deduction

For depreciable assets acquired from today until 30 June 2021, depreciation deductions will be accelerated for businesses with group-wide annual turnover below \$500 million. An additional deduction will be allowed of 50% of the asset's cost in the year of purchase (in addition to the normal amount of depreciation deduction). This is merely a bringing forward of deducting half the asset's cost, resulting in the asset's cost being deducted over a shorter period than normal. Presumably, this applies to assets that are not subject to the above instant asset write-off (ie, it applies to assets costing \$150,000+ until 30 June 2020, and \$1,000+ for 1 July 2020 to 30 June 2021).including \$15,000 of GST for which you are entitled to a GST credit, netting to \$150,000 will not qualify – the net-of-GST-credit cost must be less than \$150,000.

Cashflow assistance for business

Boost to cashflow for employers

Employers with group-wide annual business turnovers below \$50 million will receive one or more payments totalling between \$2,000 (minimum) and \$25,000 (maximum). This assistance is available for businesses who employ staff between 1 January and 30 June 2020 and is tax-free.

The payments will amount to 50% of the PAYG withholding amount on your March and June quarterly BASs up to \$25,000. For monthly lodgers, it applies to the March-June BASs (with March's withholding amount multiplied by 3, then 50%, to make up for January and February). This will be done until you reach the limit. It will be delivered as a credit in the activity statement system, and so you can factor it into a reduced amount paid upon lodgement.

For example, if your March quarter PAYG withholding is over \$50,000, you can simply pay \$25,000 less than the overall net amount payable on your BAS, and the subsequent credit will match the difference.

If your credit amount would put you into a refund position, payments of refunds will commence after 28 April 2020.

Apprentices and trainees

Eligible employers employing fewer than 20 employees can apply for a wage subsidy of 50% of the apprentice's or trainee's wage for up to nine months from 1 January to 30 September 2020. Limited to \$21,000 (\$7,000 per quarter).

Stimulus payments to households

A one-off \$750 payment will be made to pensioners, veterans, those on social security and other income support recipients. It will be tax-free, and will not count as income for certain means-tested benefits. These payments will commence as of 31 March 2020.

Affected regions and sectors

Sectors and regions disproportionately affected by the coronavirus, such as tourism, agriculture and education, will receive targeted support. This includes a waiver of certain fees, and assistance to identify alternative export markets or supply chains, and further promote domestic tourism. The government will also offer administrative relief for certain tax obligations, including deferral of tax payments by up to four months. However, this administrative relief will be provided on a case-by-case basis, and businesses will need to apply. We expect more details will follow on eligibility and the application process.

ATO's Administration Concessions

18 March 2020

Following the government's economic stimulus package released last week, the ATO has announced a series of administrative measures for businesses experiencing financial difficulty as a result of the coronavirus.

The measures include:

- Deferring payment by up to four months of the amount due on your Business Activity Statements, income tax assessments, FBT assessment and excise.
- Allow businesses lodging BASs quarterly to lodge monthly to get quicker access to GST refunds.
- Vary PAYG income tax instalment for the March quarter to nil. Businesses that do so can also obtain a refund of instalments paid for the September and December 2019 quarters.

- Remitting interest and penalties incurred from 23 January 2020 on tax liabilities.
- Allowing affected businesses to enter into low-interest payment plans for existing and ongoing tax liabilities.

The above measures are not automatic, and affected businesses, or their tax agent, must contact the ATO and request the benefit of one more measures.

Businesses still need to meet their super guarantee obligations for their employees.

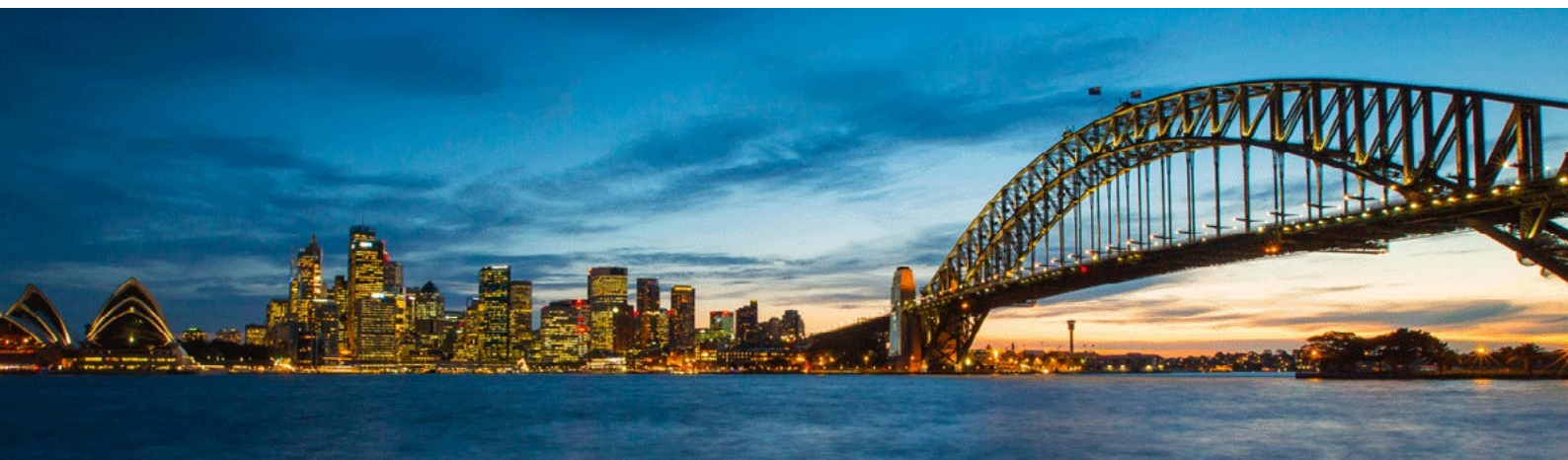
NSW Government Stimulus Package

18 March 2020

This package, announced on the 17th March, has two key components; \$700 million in extra health funding and \$1.6 billion in tax cuts to support jobs.

The Stimulus includes:

- \$700 million extra funding for NSW Health.
- \$450 million for the waiver of payroll tax for businesses with payrolls of up to \$10 million for three months (the rest of 2019-20). This means these businesses will save a quarter of their annual payroll tax bill in 2019-20.
- \$56 million to bring forward the next round of payroll tax cuts by raising the threshold limit to \$1 million in 2020-2.
- \$80 million to waive a range of fees and charges for small businesses including bars, cafes, restaurants and tradies.
- \$250 million to employ additional cleaners of public infrastructure such as transport assets, schools and other public buildings.
- More than \$250 million to bring forward maintenance on public assets including social housing and crown land fencing.
- \$500 million to bring forward capital works and maintenance.



Banks Announce Small Business Relief Package

20 March 2020

Following the RBA's announcement to cut the cash rate to a record 0.25%, and the subsequent announcement to set up a \$90 billion term funding facility for banks to use to support SME clients, the Australian Banking Association has today announced it will defer loan repayments for six months for those SME's affected by Coronavirus.

The finer detail:

- The package could mean as much as \$8 billion worth of loan repayments will be deferred for the six month period.
- The package is currently subject to authorisation by the ACCC.

- Banks have set up a fast track approval process and have already started reaching out to their customers to communicate the offer. If you have not heard from your bank you are encouraged to reach out to your account manager.

The above measures are not automatic, and affected businesses, or their tax agent, must contact the ATO and request the benefit of one more measures.

Businesses still need to meet their super guarantee obligations for their employees.



Boost to Federal Government Economic Stimulus Package

23 March 2020

Yesterday the Federal Government announced an additional \$66 billion in economic stimulus measures to support Australian's through COVID-19. The focus of these measures is to provide temporary relief to business cash flow and encourage businesses to retain employees, as well as to provide greater assistance to individuals already receiving government benefits.

Enhanced Boosting Cash Flow for Employers:

- Further to already announced measures, employers will now receive a payment equal to 100 per cent of salary and wages withheld up to the value of \$50,000. The minimum payment will also be increased to \$10,000. This payment is available to SMEs and NFPs, including charities, with an aggregated turnover of less than \$50 million and who employ workers.
- An additional payment will also be made in the July-October 2020 period for all eligible entities for the total of the Boosting Cash Flow for Employers payment. Meaning eligible SMEs and NFPs will receive at least \$20,000 and up to \$100,000 under both payments.

Temporary Relief for Financially Distressed Businesses:

- To reduce the threat of actions which could push a business into insolvency the Federal Government is temporarily increasing the threshold at which creditors can issue a statutory demand on a company as well as increasing the time for a company to respond to statutory demands. This package will also provide temporary flexibility in the Corporations Act 2001 to provide targeted relief for the impact of COVID-19 including relief for directors from any personal liability for trading whilst insolvent.
- The ATO will provide tailored relief for owners and directors of businesses struggling during this period including temporary reduction of payment or deferrals, or withholding enforcement actions including Director Penalty Notices and wind-ups.

Support for Immediate Cash Flow Needs for SMEs:

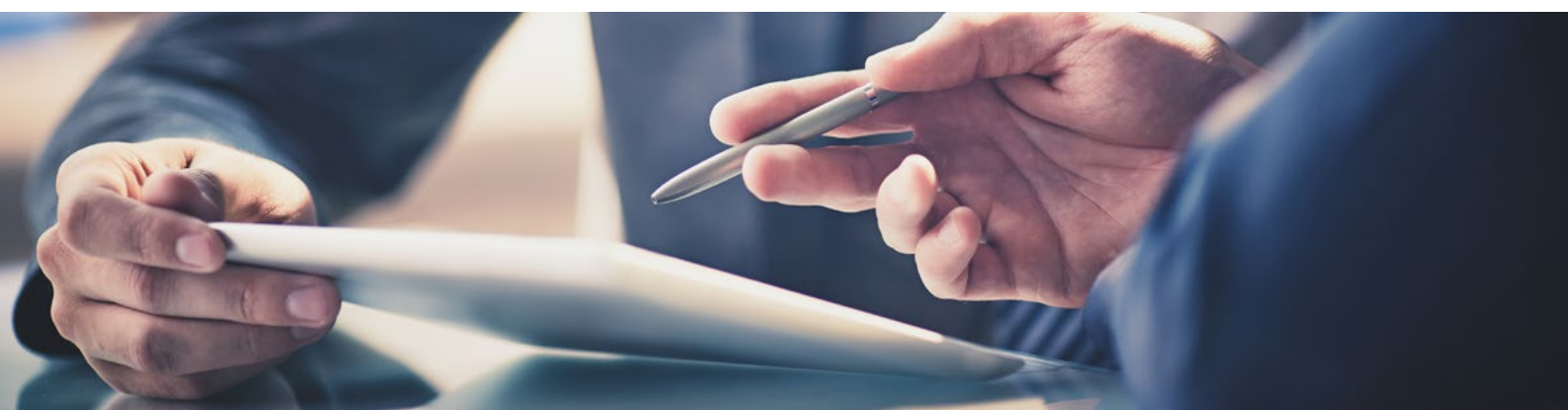
- The Government announced a Coronavirus SME Guarantee Scheme which will provide a guarantee of 50 per cent of short-term unsecured loans to SMEs. The Scheme will guarantee up to \$40 billion of new lending to assist businesses with cash flow needs.
- The Government is also temporarily removing red tape to increase the speed and access of credit for small businesses.

Additional Income Support for Individuals:

- The Government will also temporarily expand eligibility to income support payments and establish a new \$550 supplement for existing and new recipients of JobSeeker Payment, Youth Allowance Jobseeker, Parenting Payment, Household Allowance and Special Benefit.
- Individuals adversely affected by COVID-19 will also be able to access up to \$10,000 of their superannuation in 2019-20 and a further \$10,000 in 2020-21. Money withdrawn will not be taxed and will not affect any Centrelink or Veteran's Affairs payments.
- Superannuation minimum drawdown requirements for account-based pensions will also be reduced by 50 per cent for 2019-20 and 2020-21.

Reducing Social Security Deeming Rates:

- In order to provide more cash for Age Pensioners, the social security deeming rates have also been reduced by a further 0.25 percentage points. This means that as of 1 May 2020 the upper deeming rate will be 2.25 per cent and the lower deeming rate will be 0.25 per cent.



Contact us

For further information or to discuss how Nexia Sydney can assist your business during this period of crisis, please contact a local Nexia Advisor below.

www.nexia.com.au



(02) 9251 4600



info@nexiasydney.com.au



Joseph Santangelo
Director
Audit and Assurance
jsantangelo@nexiasydney.com.au



Craig Wilford
Director
Financial Services
cwilford@nexiasydney.com.au



Paul Mannion
Director
Business Advisory
pmannion@nexiasydney.com.au



Garvin Jones
Director
Superannuation
gjones@nexiasydney.com.au



Neil Hillmann
Director
Business Advisory
nhillmann@nexiasydney.com.au



James Nethersole
Director
Taxation Consulting
jnethersole@nexiasydney.com.au



Brent Goldman
Director
Corporate Advisory
bgoldman@nexiasydney.com.au



Paul Lenton
Managing Director
Nexia Sydney
plenton@nexiasydney.com.au