

Stimulus Package: What You Need To Know

Individuals, households and small businesses face unprecedented uncertainty over the coming weeks and months, as the pressure of the coronavirus pandemic intensifies.

Below, we provide a brief overview and fact sheet of the current stimulus measures – and what they may mean for you.

Please note that just as this coronavirus pandemic is changing rapidly, advice and information is also changing regarding this stimulus package. We will aim to advise you on any updates to the following information as soon as it becomes available.

Boosting Cash Flow for Employers - Tax-free incentives up to \$100,000 for small business and not-for-profit employers. Below are examples of how this payment may help your business.

- **To be eligible for this incentive, your business must be registered for PAYG Withholding and be an active employer from 12 March 2020.**
- Under the enhanced 'Boosting Cash Flow for Employers' measure, *employers* will receive a payment equal to 100% of their salary and wages withheld; the minimum payment is A\$10,000 up to a maximum payment of A\$50,000.
- The payments will be delivered by the Australian Tax Office as a credit on activity statements from late April. The credits are automatically calculated by the ATO and employers will need to lodge an activity statement to trigger the entitlement. If the credit puts the business in a refund position the excess amount will be refunded by the ATO within 14 days (subject to certain conditions).
- An additional payment is being introduced in the July-October 2020 period.
- When the two payments are combined, under the Boosting Cash Flow for Employers measure eligible businesses can receive at least A\$20,000 up to a total of A\$100,000.
- Eligible businesses that are not required to withhold tax will receive a minimum payment of A\$10,000 (up from \$2,000) for the March quarter.
- Businesses may also be eligible for wage subsidy's if they employ trainee and apprentice employees

Delivering Support for Business Investment – Introduction of a Coronavirus SME guarantee scheme protecting financial institutions by guaranteeing 50% of new loans to SMEs and increasing instant asset write off's for new assets.

Sole traders and self-employed eligible for Jobseeker payment – the eligibility criteria to access income support relaxed for the self-employed and sole traders.

Early release of superannuation – individuals in financial distress able to access up to \$10,000 of their superannuation in 2019-20, and a further \$10,000 in 2020-21. The withdrawals will be tax-free and will not affect Centrelink or Veterans' Affairs payments.

Payments to support households - The Government is providing two separate \$750 payments to social security, veteran and other income support recipients and eligible concession card **holders**. The first payment will be made from 31 March 2020 and the second payment will be made from 13 July 2020.

If after reading the above, you would like to discuss your personal circumstances, please call our office or send an email to info@paabs.com.au and we will provide advice as quickly as we can. With regards to payments to support households and the jobseeker payment, you should direct your queries to Centrelink for eligibility.

Examples of how 'Boosting Cash Flow for Employers' payment can help your business

Sarah's Construction Business – Lodges BAS Monthly

Sarah owns and runs a building business and employs 8 construction workers on average full-time weekly earnings who each earn \$89,730 per year. In the months of March, April, May and June for the 2019-20 income year, Sarah reports withholding of \$15,008 for her employees on each business activity statement (BAS).

On lodgement of each of her BAS, Sarah's business receives:

- A credit of \$45,024 for the March period, equal to 300 per cent of her total withholding (\$15,008).
- A credit of \$4,976 for the April period, before she reaches the \$50,000 cap.
- No payment for the May period, as she has now reached the \$50,000 cap.
- An additional payment of \$12,500 for the June period, equal to 25 per cent of her total Boosting Cash Flow for Employers payments.
- An additional payment of \$12,500 for the July period, equal to 25 per cent of her total Boosting Cash Flow for Employers payments.
- An additional payment of \$12,500 for the August period, equal to 25 per cent of her total Boosting Cash Flow for Employers payments.
- An additional payment of \$12,500 for the September period, equal to 25 per cent of her total Boosting Cash Flow for Employers payments.

Peter's IT Business – Lodges BAS Quarterly

Peter owns and runs a business and employs 1 worker on average full-time weekly earnings of \$41,964 per year. In the quarter ended 31 March 2020 and quarter ended 30 June 2020, Peter reports withholding of \$5,980 for his employee on each of his quarterly business activity statements (BAS).

On lodgement of each of his BAS, Peter's business receives:

- A credit of \$5,980 for the March quarter, equal to 100 per cent of his total withholding. This is known as your Boosting Cashflow for Employers.
- A credit of \$5,980 for the June quarter, equal to 100 per cent of his total withholding.
- For the June quarter an additional payment of \$5,980 which is equal to 50 per cent of his total Boosting Cash Flow for Employers.
- An additional payment of \$5,980 for the September quarter, equal to 50 per cent of his total Boosting Cash Flow for Employers payments.

Tim's Courier Run – Lodges BAS Quarterly

Tim owns and runs a small paper delivery business and employs two casual employees who each earn \$10,000 per year. In his quarterly BAS, Tim reports withholding of \$0 for his employees as they are under the tax-free threshold.

Under the Government's changes, Tim will be eligible to receive the payment on lodgement of his BAS.

Tim's business will receive:

- A credit of \$10,000 for the March quarter, as he pays salary and wages but is not required to withhold tax.
- An additional payment of \$5,000 for the June quarter, equal to 50 per cent of his total Boosting Cash Flow for Employers payments.
- An additional payment of \$5,000 for the September quarter, equal to 50 per cent of his total Boosting Cash Flow for Employers payments.
- If Tim begins withholding tax for the June quarter, he will need to withhold more than \$10,000 before he receives any additional payment.

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