

e-ALERT



22 March 2020

Second Government Stimulus Package - Key Points For Business & Investors

Federal Government announced a second economic stimulus package at 11am on Sunday totalling an estimated \$66B that is designed to combat the economic damage caused by COVID19 pandemic. This brings the combined stimulus packages to \$189B so far.

The key points for business and investors were:

1. Small business (less than \$50M aggregated turnover) who employ workers will be eligible for between \$20,000 and \$100,000 credit to their activity statement accounts from 28 April upon lodgement of the eligible activity statements. These payments will be tax free and will also be made available to not-for-profits.

Under the scheme employers will receive a payment of 100% of their salary and wages withheld (up from 50% previously announced) with a minimum of \$10,000 to a maximum of \$50,000 to 30 Jun 2020.

An additional payment on the same basis will then apply for the July-October 2020 period. Bringing the total to between \$20,000 and \$100,000 over the entire period.

Table of eligibility for 2019/2020

Type of lodger	Eligible period	Lodgment due date
Quarterly	Quarter 3 (January, February and March 2020)	28 April 2020
	Quarter 4 (April, May and June 2020)	28 July 2020
Monthly	March 2020	21 April 2020
	April 2020	21 May 2020
	May 2020	22 June 2020
	June 2020	21 July 2020

Table of eligibility for 2020/2021

Type of lodger	Eligible period	Lodgment due date
Quarterly	Quarter 4 (April, May and June 2020)	28 July 2020
	Quarter 1 (July, August and September 2020)	28 October 2020
Monthly	June 2020	21 July 2020
	July 2020	21 August 2020
	August 2020	21 September 2020
	September 2020	21 October 2020

2. The previously announced apprentice and trainee subsidies remain as announced – see our previous article [HERE](#).
3. Small businesses to be eligible for unsecured loans of up to \$250,000, which are being guaranteed 50% by the Federal Government. We will cover the “Supporting the flow of credit” initiatives in a separate e-Alert.
4. The Federal Government is temporarily increasing the threshold for creditor statutory demands on a company from \$2,000 to \$20,000 and the time companies have to respond to statutory demands from 21 days to 6 months. These changes will apply for 6 months. Similar changes will be applied temporarily to the personal insolvency system with the new limit and time frame aligned with the arrangements for companies.
5. There will also be temporary relief from directors’ personal liability for trading whilst insolvent. This will apply to debts incurred in the ordinary course of a company’s business and measures will be put in place to ensure this relief is not abused.

6. People will be able to gain early access to their superannuation balances up to \$10,000 before 30 June 2020 and \$10,000 in 2020/21. The withdrawals will be tax free and will not affect pensions. There is an income test that we understand will be a 20% or greater reduction in income or hours worked.
7. The minimum pension drawdown requirements will be temporarily reduced by 50% in 2019/2020 and 2020/2021.
8. There are temporary increases and changes to the access tests for "job seeker payments". The assets test and waiting periods have been waived allowing people who lose their jobs **or who are stood down without pay** to more easily qualify. The "coronavirus supplement" of \$550 per fortnight will increase the maximum benefit to approximately \$1,100 per fortnight for the next 6 months. The "coronavirus supplement" will also apply to the Farm Household allowance.
9. The deeming rate for earnings on investments has also been reduced.
10. A further \$750 lump sum payment was announced for recipients of income support and concession card holders, to be paid in July 2020, this is in addition to the \$750 payment to be paid from 31 March 2020.

As always with these announcements there will be significant additional detail in the actual legislation. Given the pressure to have these passed through both houses they are only expecting to sit for 1-2 days. So, we should have that detail very soon and will send through updates as they become available.

Kind Regards,

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