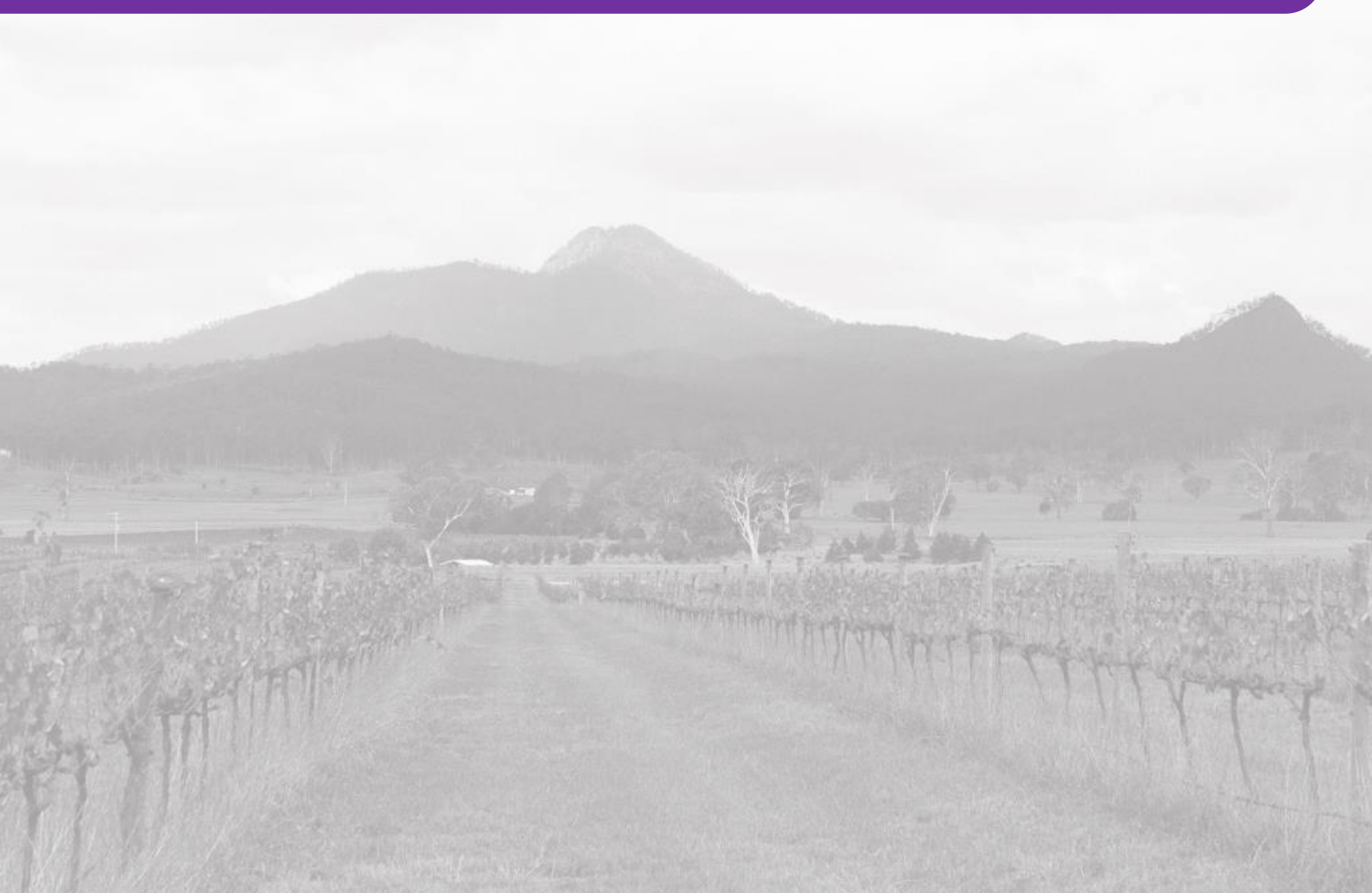


STIMULUS PACKAGE

Summary of the Economic Response - March 2020



This information has been gathered directly from the Australian Government Treasury website – economic stimulus package press releases as part of the Coronavirus financial relief and has been developed as a guide only. If you would like to receive a personalised assessment on your current circumstances in relation to this matter, please contact our office.

Summary of the Economic Response released 30th March 2020

The Australian Government is supporting Australian businesses to manage cash flow challenges and retain employees. Further to legislation passed on Monday 23rd March 2020, the Australian Government has released a further wage subsidy to assist employers to continue to pay employees.

1. JOBKEEPER PAYMENT – SUPPORT FOR EMPLOYERS

If your business has been significantly impacted by the Coronavirus you will be able to access a wages subsidy to continue paying your employees. Under the JobKeeper program, you will be able to claim a fortnightly payment of \$1,500 per eligible employee from 30 March 2020, for a maximum of six months commencing 1st May 2020. This assistance will help you keep staff and will help you restart when the crisis is over.

Businesses without Employees and Not for Profit entities that meet the applicable turnover tests are eligible to apply for JobKeeper payments.

[CLICK HERE TO REGISTER](#)
JobKeeper Payment

Obligations on Employers:

To receive the JobKeeper Payment, employers must:

- Register an intention to apply on the ATO Website and provide supporting information demonstrating a downturn in business
- Provide information to the ATO on eligible employees, including information on those engaged as at 1/3/2020. ATO will use Single Touch Payroll data to pre-populate the employee details for the business.
- Ensure that each eligible employee receives at least \$1,500 per fortnight (before tax)
- Notify all eligible employees that they are receiving the JobKeeper Payment
- Continue to provide information to the ATO on a monthly basis

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Eligible employers:

- Business turnover of less than \$1 billion and their turnover reduced by more than 30% relative to a comparable period a year ago (of at least a month)
- Business turnover of more than \$1 billion and their turnover reduced by more than 50% relative to a comparable period a year ago (of at least a month)
- Business is not subject to the Major Bank Levy
- Employer must have been in an employment relationship with the eligible employees as at 1/3/2020

Eligible employees:

- Currently employed by the eligible employer (including those stood down or re-hired)
- Were employed by the employer at 1/3/2020
- Are full-time, part-time, or long-term casuals at 1/3/2020
- Are at least 16 years of age
- Are Australian citizen or holders of certain visas
- Are not in receipt of a JobKeeper payment from another employer

Application Process:

[CLICK HERE TO REGISTER](#)
JobKeeper Payment

- **Businesses with Employees**
 - Register interest via ato.gov.au from 30/03/2020
 - Apply for scheme by means of online application. The subsidy will be paid by the ATO monthly in arrears commencing the first week of May 2020
 - Eligible employers will need to identify eligible employees and provide monthly updates to ATO
 - Participating employers must ensure eligible employees will receive a minimum of \$1,500 per fortnight, before tax
 - It is up to the employer if they want to pay superannuation on any additional wage
- **Businesses without employees**
 - Register interest via ato.gov.au from 30/3/2020
 - Will need to provide an ABN for their business, nominate an individual to receive the payment and provide that individual's TFN and provide a declaration as to recent business activity

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- Will need to provide a monthly update to the ATO to declare their continued eligibility for the payments. Payments will be made monthly to the individual's bank account

For additional information in relation to JobKeeper payments, please refer to the below listed links:

Factsheets included:

- ✓ Supporting Businesses to retain jobs.
- ✓ JobKeeper Payment – Information for Employers.
- ✓ JobKeeper Payment – Information for Employees.

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

Should you have any queries in relation to any of the above mentioned, please don't hesitate in contacting your closest office via the contact details below.



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Summary of the Economic Response legislated Monday 23rd March 2020

The package of Bills is being introduced into Parliament on 23 March 2020 for urgent consideration. Subject to passage of the Bills through Parliament, the Government will then move to immediately make, and register, supporting instruments. As this is an ongoing situation, we understand that additional measures will be announced, and we will ensure that we continue to keep you updated as the information comes to hand.

2. SUPPORT FOR INDIVIDUALS AND HOUSEHOLDS including Changes from 30th March 2020 response

The Government will provide significant payments to assist lower-income Australians, including pensioners, other social security and veteran income support recipients and eligible concession card holders.

Income support for individuals - \$750 payments

- Payments to be made via Services Australia (Centrelink) or Dept of Veterans Affairs (DVA)
- Must be residing in Australia and either receiving an eligible Centrelink or DVA payment or hold eligible concession card between 12 March 2020 and 13 April 2020
- Income support recipients and eligible concession card holders will receive two separate \$750 payments; the first will be paid from 31 March 2020 and the second payment will be made from 13 July 2020.
- Payments will be exempt from tax
- Payments will be made automatically based on your eligibility i.e. receiving or have applied to receive an eligible government payment

NOTE: The second \$750 payment will not be made to those eligible for the Coronavirus supplement (see below).

For a full list of eligible recipients and further information visit:

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

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Coronavirus supplement

- To be paid for a period of six months at a rate of \$550 per fortnight from 27 April 2020, in addition to any government payments already being received. Existing and new recipients of Jobseeker Payment, Youth Allowance Jobseeker, Parenting Payment, Farm Household Allowance and Special Benefit will receive their usual payment plus \$550 each fortnight for the six-month period. This will bring the total fortnightly payments to eligible recipients to \$1,100 per fortnight for 6 months.
- Supplement is a taxable payment to be declared and assessed in your personal income tax return
- Payments will be made automatically based on your eligibility i.e. receiving or have applied to receive an eligible government payment. Applicants should contact Centrelink or apply through their MyGov account to apply.
- The supplement will be placed in an income management account or credited to Cashless Debit Cards. Recipients can spend their income-managed funds using a PIN protected special issue debit card

Further information can be found by visiting:

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

Expansion of eligibility and qualification for payments

Expansion of the current eligibility criteria for the Jobseeker payments will be in place for six months to assist people in the following categories who meet the income test (partner income test increased to \$3,068 per fortnight; personal income test retained at \$1,075/fortnight) as a result of the economic downturn due to the Coronavirus:

- a. sole traders and self-employed – They will be able to meet mutual obligations requirements by continuing to operate their businesses
- b. casual workers
- c. contract workers
- d. people caring for someone infected or in isolation as a result of contact with Coronavirus

The Government will temporarily waive the following criteria for certain payments:

- Assets test

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- Ordinary Waiting Period (already waived until 12 June 2020)
- Liquid Assets Waiting Period
- Seasonal Workers Preclusion Period
- Newly Arrived Residents Waiting Period
- Temporary removal of the requirement for an Employment Separation Certificate, proof of rental arrangements and verification of relationship status.

People will not be permitted, and will need to declare that they are not, accessing employer entitlements (such as annual leave and/or sick leave) or Income Protection Insurance, at the same time as receiving Jobseeker Payment and Youth Allowance Jobseeker under these arrangements.

Please contact Centrelink to check your eligibility for this measure.

Access to superannuation

Eligible individuals will be able to apply online through MyGov (www.my.gov.au) to access up to \$10,000 of their superannuation, tax-free, before 1 July 2020. They will also be able to access up to a further \$10,000 from 1 July 2020 for approximately three months. The ATO will process the applications and if you are deemed to be eligible, the ATO will send a determination to you and your nominated superannuation fund for the payment to be made directly to you. Further information can be found by visiting:

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

To be eligible you must satisfy at least one of the following:

- You are unemployed:
- You are eligible to receive a job seeker payment, youth allowance for jobseekers, parenting payment, special benefit or farm household allowance; or
- On or after 1 January 2020:
 1. You were made redundant
 2. Your working hours were reduced by 20% or more; or

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3. If you are a sole trader – your business was suspended or there was a reduction in your turnover of 20% or more.

Support for Retirees

For retirees with account-based pensions, the minimum drawdown requirements have been temporarily reduced by 50% for the 2019-20 and 2020-21 income years.

For our Self-Managed Superannuation clients, if we completed your 2018-19 tax and have given you your minimum pension withdrawal amounts for the 2019-2020 financial year, please note that these amounts will now be halved for the remainder of 2019-20, which means that some of you will already have withdrawn your minimum pensions for the 2019-20 financial year and you may not be required to withdraw any more of your superannuation funds for the rest of the current financial year. For example, if your minimum pension for 2019-20 was \$50,000, you will only be required to take a minimum of \$25,000 for the 2019-20 financial year under these new measures. Further information can be found by visiting:

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

Changes to Social Security Deeming Rates

As of 1 May 2020, the lower deeming rate will be 0.25% and the upper deeming rate will be 2.25%. These rates will automatically apply and adjust your pension payments accordingly.

- Deeming rules are used in determining eligibility for the following payments & benefits:
 - Age Pension and/or eligibility for Commonwealth Seniors Health Card (CSHS)
 - Service pension & veteran payment
 - Income support supplement
- The reduction in the deeming rates has the potential to increase eligibility to these payments and the CSHS, meaning that some currently ineligible people may now be eligible to receive the Age Pension.
- Additionally, current pension recipients may see increases to their pension payments from 1 May 2020 due to the application of the reduced rates.

Please contact Centrelink if you are unsure about being eligible.

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3. SUPPORT FOR BUSINESSES

Boosting cash for Employers

- The Government has enhanced the original Boosting Cash Flow for Employers measure it announced on 12 March 2020
- Tax-free payments, will be automatically calculated by the ATO and received by businesses as a credit against their BAS liability, or refunded where applicable – you only need to lodge your Business Activity Statement for the period of January to March 2020 or Instalment Activity Statement for the month of March 2020 for this to be activated. Where this places the business in a refund position, the ATO will deliver the refund within 14 days after lodgement
- Small and medium sized business entities and NFPs with an aggregated turnover under \$50 million and that employ workers will be eligible
- Eligible employers that withhold tax for the ATO will receive a payment equal to 100% of the amount withheld, up to a maximum of \$50,000 (previously \$25,000)
- Eligible employers that pay salary and wages will receive a minimum payment of \$10,000 (previously \$2,000), even if they are not required to withhold tax
- The payments are only available to active eligible employers established prior to 12 March 2020
- Quarterly lodgers will receive the payment for the quarters ending March and June 2020
- Monthly lodgers will receive the payment for the March, April, May and June 2020 lodgements (the March 2020 payment will be calculated at three times the rate in the March 2020 activity statement i.e. 3 x March PAYG Withholding – to bring in line with quarterly withholders)

For further information and examples please visit:

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

Additional Cash Flow Support Payment for Employers – new measure

- To qualify for the additional payment, the entity must continue to be active
- Quarterly lodgers - payments of an additional 50% of the total initial Boosting Cash Flow for Employers payment will be made for the quarters ending June 2020 and September 2020 (minimum of \$10,000 and up to a total of \$50,000). For Example: If you received \$10,000 in the first round

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(based on March 2020 and June 2020 BAS), you will receive \$10,000 in the second round, however \$5,000 after the lodgement of the April to June 2020 BAS and \$5,000 after the lodgement of the July to September 2020 BAS.

- Monthly lodgers – payments of an additional 25% of the total initial Boosting Cash Flow for Employers payment will be made for June, July, August and September 2020 (minimum of \$10,000 and up to a total of \$50,000). For Example: If you received a credit of \$10,000 for your March to June 2020 monthly BAS, you will receive a \$2,500 credit after the lodgement of each monthly BAS from June 2020 to September 2020.

For further information and examples please visit:

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

Increasing the Instant Asset Write-off

- Increase in the instant asset write-off threshold from \$30,000 to \$150,000 for assets purchased between 12 March 2020 to 30 June 2020.
- Available for new or second-hand assets used or installed ready for use by 30 June 2020. Please note that businesses who predominantly receive Personal Services Income or are ineligible under the current instant asset rules may not be eligible for this measure, however this is unclear at this stage.
- A word of caution with the measure, that it may not be in the best interests of a business to elect to immediately write off an asset of significant value, depending on the individual situation of the business.

For further information and examples please visit:

<https://treasury.gov.au/coronavirus/business-investment>

Supporting apprentices and trainees

- Eligible small business employers can apply for a wage subsidy of 50% of the apprentice's or trainee's wages paid during the 9 months from 1 January to 30 September 2020
- Reimbursement of up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000/quarter)
- Only available to businesses employing fewer than 20 full-time employees who retain an apprentice or trainee

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- The apprentice or trainee must have been in training with a small business as at 1 March 2020
- Eligibility assessment undertaken by an Australian Apprenticeship Support Network provider is required to access the subsidy
- Employers can register for the subsidy from early April 2020 with final claimed to be lodged by 31 December 2020.

Further information can be found at www.dese.gov.au or www.australianapprenticeships.gov.au or you can contact an Australian Apprenticeship Support Network (AASN) provider.

For further information and examples please visit:

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

4. SUPPORTING FLOW OF CREDIT (CASH FLOW)

The government, Reserve Bank of Australia and the Australian Prudential Regulatory Authority have taken action to allow for timely access to credit, vital for businesses to manage the impacts of the Coronavirus.

Support for immediate cash flow needs for SMEs – the Government will provide a guarantee of 50% to SME lenders to support new short-term unsecured loans to SMEs. This will provide businesses with funding to meet the cash flow required to meet existing obligations where cash flow has been disrupted due to the current economic challenges, i.e. rent, utilities, and employee expenses

SMEs with a turnover of up to \$50 million will be eligible to receive these loans.

The Government will provide eligible lenders with a guarantee for loans with the following terms:

- Maximum total size of loans of \$250,000 per borrower.
- The loans will be up to three years, with an initial six-month repayment holiday.
- The loans will be in the form of unsecured finance, meaning that borrowers will not have to provide an asset as security for the loan.

Loans will be subject to lenders' credit assessment processes with the expectation that lenders will look through the cycle to sensibly take into account the uncertainty of the current economic conditions.

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Lenders are being advised to provide businesses with facilities that only have to be drawn if needed. This will mean the interest will only incur on amounts drawn down, however have the flexibility to draw down in the future should they need to.

The Scheme will commence by early April 2020 and be available for new loans made by participating lenders until 30 September 2020.

Quick and efficient access to credit for small business – the Government is cutting red tape by providing a temporary exemption from responsible lending obligations for lenders providing credit to existing small business customers. This includes any credit for business purposes i.e. new credit, credit limit increased and credit variations and restructures.

For further information please visit:

<https://treasury.gov.au/coronavirus/business-investment>

SUMMARY ECONOMIC RESPONSE TO THE CORONAVIRUS AS AT 23RD MARCH 2020

AIM	WHAT	WHEN
Support for Individuals and Households	Income support for individuals Eligibility for income support payments expanded and establishment of new, time-limited Coronavirus supplements to be paid at a rate of \$550/fortnight	From 27 April 2020
	Payments to support households Provide 2 rounds of \$750 to those eligible	First round between 12 March 2020 and 13 April 2020. Second round from 13 July 2020
	Temporary early release of superannuation Individual and sole traders directly impacted to access up to \$10,000 of their super, tax-free, in 2019-20, and up to a further \$10,000 in 2020-21	Applications from April 2020
	Temporarily reduce superannuation minimum drawdown rates Reduce the superannuation minimum drawdown rates by 50% for the 2019-20 and 2020-21-income years	Immediately
	Lower the social security deeming rates Rates lowered in response to the low interest rate environment	From 1 May 2020
	Boosting Cash flow for Employers Enhance the previous announcement by increasing the maximum total payments to \$100,000; increasing the minimum total payments to \$20,000	Payments from 28 April 2020, additional payments from 21 July 2020

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Support for Businesses	Temporary relief for financially distressed businesses Help businesses get through a temporary period of insolvency, by temporarily providing higher thresholds and more time to respond to demands from creditors and providing temporary relief from directors' personal insolvent trading liability	
	Increasing the instant asset write-off Lifting the threshold to \$150,000 (from \$30,000), increasing business eligibility threshold to a turnover of \$500 million	Immediately, with deductions to be included in the 2019-20 tax returns
	Backing business investment Offering businesses, a time-limited incentive to invest, by accelerating depreciation deductions	Immediately, with deductions to be included in the 2019-20 tax returns
	Supporting apprentices and trainees Wages assistance to help small business retain their apprentices and trainees with payments of up to \$21,000 per apprentice/trainee	Applications open early April 2020
Supporting the Flow of Credit	Government support for immediate cash flow needs of SMEs Establish a loan guarantee arrangement between the Government and participating banks to cover the immediate cash flow needs of SMEs	Commence by early April 2020 and be available for new loans until 30 September 2020
	Quick access to credit for small business The Government is cutting red tape to allow a temporary exemption from responsible lending obligations for lenders to provide credit to existing small business customers	

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