

The Government's stimulus package in response to the Coronavirus

In response to the economic impact of the Coronavirus, the Government has announced a number of initiatives to help individuals and businesses at this uncertain time.

The changes include accessing some of your super if you're in financial stress, tax concessions for small businesses and changes to social security benefits.

Below is an overview of the initiatives and changes that may help you.

During these uncertain times, professional financial advice is even more important. Financial advisers look at your current circumstances and recommend the most appropriate course of action for you and your family.

Superannuation initiatives

Early access to super

If you are under financial stress, you may be able to access up to \$10,000 of your super before 1 July 2020 and another \$10,000 after 1 July 2020, for a limited time. **The ATO is likely to start accepting applications from mid-April.**

You may be eligible for early access to your super if you are either:

- unemployed
- eligible for a Jobseeker payment, Youth Allowance payment for job seekers, Parenting Payment (including the single and partnered payments), special benefit or farm household allowance.

Or, if, on or after 1 January 2020, you:

- were made redundant
- had your working hours reduced by 20% or more
- are a sole trader and your business was suspended or you experienced a reduction in business turnover of 20% or more.

These payments are tax-free and not treated as income under the Centrelink income test.

Support for retirees

To help you if you're a retiree, the minimum pension payments you are required to withdraw from your account-based pensions or similar product will be temporarily reduced by 50% as follows:

Age	Default minimum drawdown rates (%)	Reduced by 50% in 2019/20 and 2020/21 income years (%)
Under 65	4	2
65-74	5	2.5
75-79	6	3
80-84	7	3.5
85-89	9	4.5
90-94	11	5.5
95 and older	14	7

Social security payments and changes

Tax-free lump sum payments

From 12 March 2020, you may be eligible to receive up to two, separate, tax-free \$750 lump sum payments if you receive one or more Centrelink payments or concession cards as shown in the table below.

A single person may receive up to \$1,500 and couples may receive up to \$3,000 from the first and second payments.

You do not need to apply for these payments, Centrelink will automatically allocate this to you depending on your eligibility.

Eligible for up to 2 x \$750 lump sums	Likely to receive the first lump sum but will receive the Coronavirus Supplement instead of the second lump sum
<ul style="list-style-type: none"> • Age pension • Disability support pension • Carer Payment • Widow B Pension • ABSTUDY (Living Allowance) • Austudy • Bereavement Allowance • Newstart Allowance • Family Tax Benefit (includes Double Orphan Pension) • Carer Allowance • Pensioner Concession Card holders • Commonwealth Seniors Health Card holders • Veterans Service Pension; Veteran Income Support Supplement 	<ul style="list-style-type: none"> • Parenting Payment • Wife Pension • Jobseeker Payment • Youth Allowance Jobseeker • Partner Allowance • Sickness Allowance • Special Benefit • Widow Allowance • Farm Household Allowance

<ul style="list-style-type: none"> • Veteran Compensation Payments (includes lump sum payments) • War Widow pension, and Veteran Payment • DVA PCC holders • Disability Pensioners at the temporary special rate • DVA income support pensioners at \$0 rate • DVA Gold Card holders 	
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Note: The payments will not be treated as income for Social Security, DVA and Farm Household Allowance purposes.

Social security recipients

Any change in circumstances that is not a result of COVID-19 will be assessed under the ordinary rules and may impact your entitlement. All changes should be reported to Centrelink or DVA.

- **Child Care Subsidy:** For COVID-19 and non-COVID-19 related absences, your child can no longer attend child care but you're still charged a fee from your childcare provider, you may still receive the subsidy for up to 42 days of absence. This applies also to non-COVID-19 related absences. If your activity hours change, you don't need to update your activity tests where it is due to a requirement to self-isolate, or if you're on leave.
- **Youth Allowance (student):** For students, activity requirements will be amended if they are unable to attend studies due to the virus.
- **Newstart or Jobseeker:** Flexible options to recipients with mutual obligations (for example Newstart or Jobseeker recipients who usually need to be actively looking for work, volunteering, or doing some paid work) will be provided. This may apply where you're unable to satisfy these requirements because you're self-isolating, or you're a primary carer, caring for a child whose school has closed, or a disabled adult whose day service closes. You may receive an exemption from this requirement without a need for medical evidence.
- **Students and trainees:** If your education provider closes or reduces your study load, or you're self-isolating at home, your payment won't change. You must remain enrolled in study and have a plan to return and must tell Centrelink if this doesn't apply to you.

For more information visit <https://www.servicesaustralia.gov.au/individuals/subjects/affected-coronavirus-covid-19>

If you are affected as a result of COVID-19 you may be eligible for a benefit

You may be eligible to apply for a payment if you're unable to work, are in isolation or hospital, or you need to care for children as a result of COVID-19. If you apply for a social security benefit or concession card and your claim is related to COVID-19, some of the ordinary eligibility rules may be waived.

Coronavirus Supplement

From 27 April 2020, if you are eligible (see table above) you will be **automatically** paid the Coronavirus Supplement. The Coronavirus Supplement is a \$550 fortnightly payment for six months.

Other income support during the six-month period:

- Waiving the asset test for Jobseeker Payment, Youth Allowance Jobseeker, and Parenting Payment.
- The income test will continue to apply to the other payments you receive.
- The one-week ordinary waiting period, liquid assets waiting period, seasonal work preclusion period and newly arrived residents waiting period will not apply during this period. These waiting periods will also be waived if you are currently within these waiting periods.
- Income maintenance periods and compensation preclusion periods will continue to apply as payments received by an individual are treated as income.

If you wish to make an application please go online to your myGov account or phone Centrelink (please note waiting periods are currently high).

Reduced deeming rates

From 1 May 2020, the upper deeming rate for income in excess of the income threshold will reduce from 3% to 2.25%, and the lower deeming rate from 1% to 0.25%.

Situation	Deeming Rate
Single	0.25% on the first \$51,800 of your investment assets, plus 2.25% on your investment assets over the amount of \$51,800
Couple	0.25% on the first \$86,200 of your combined investment assets, plus 2.25% on your investment assets over the amount of \$86,200

These reductions reflect the low interest rate environment and its impact on the income from savings. Also, people who are currently receiving part pensions and less than the full rate of income support may receive increased entitlements.

Account Based Pension – Account Balance

If you have an account based pension, it is important for you to check your account balance that is being assessed by Centrelink to ensure it reflects the current balance. If the account balance reflects a higher balance as it was extracted before the recent share market falls, you may need to update your account balance with Centrelink.

Tax benefits for small businesses

Increasing the instant asset write-off threshold for small businesses

From 23 March 2020 until 30 June 2020, if you own a small business with aggregated annual turnover of less than \$500 million (increased from \$50 million) you may be eligible for an instant asset write-off on assets of up to the value of \$150,000 (from \$30,000).

From 1 July 2020, this threshold reduces to \$1,000 (for businesses with less than \$10 million turnover).

The measure applies to new or second-hand assets first used, or installed ready for use, between 12 March 2020 until 30 June 2020 (inclusive). Certain assets are excluded, for example, horticultural plants and capital works deductions.

The threshold applies on a per asset basis, so eligible businesses can immediately write-off multiple assets.

This initiative will mean an additional 5,300 businesses who employ around 1.9 million Australians will be able to access this concession for the first time.

Supporting apprentices and trainees

From 1 January 2020 to 30 September 2020, if you are an eligible employer you can apply for a wage subsidy of 50% of the apprentice's or trainee's wage paid during the 9 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).

An eligible employer must have less than 20 full-time employees. The apprentice or trainee must be in employment with the business as at 1 March 2020.

You can register for the subsidy from early April 2020. Final claims for payment must be lodged by 31 December 2020.

Boosting cash flow for employers

From 12 March 2020, if you own an eligible small or medium business, the Government has announced a maximum payment of \$100,000 and a minimum payment of \$20,000, to help with cash flow in order to keep operating, pay bills and retain employees. Not-for-profit organisations and charities are also included.

The ATO will pay this as an automatic credit to the business upon lodgement of your business activity statement. If this means you are eligible for a tax refund, the ATO will pay the refund within 14 days. You don't need to fill out any new forms and the payments are tax free.

For more information visit <https://www.business.gov.au/Risk-management/Emergency-management/Coronavirus-information-and-support-for-business/Boosting-cash-flow-for-employers>

Workplace Laws

To find out more about workplace entitlements and obligations if you're affected by the outbreak of coronavirus please visit Coronavirus and Australian workplace laws at www.fairwork.gov.au/

Temporary relief for financially distressed businesses

For owners or directors of a business who are currently struggling due to the Coronavirus, the ATO will tailor solutions for their circumstances, including temporary reduction of payments or deferrals, or withholding enforcement actions including Director Penalty Notices and wind-ups.

ATO relief for tax obligations

Similar to the tax relief that was provided to bushfire victims, the ATO will provide relief for certain tax obligations for taxpayers impacted by the coronavirus outbreak on a case-by-case basis. Relief includes the ability to defer payment of certain taxes for up to six months and allowing businesses to vary pay as you go (PAYG) instalment amounts to zero for the March 2020 quarter.

The ATO Emergency Support Infoline on 1800 806 218 or COVID-19@taxissues@ato.gov.au.

We're here for you

We believe these initiatives are well-considered by the Government and are for the wellbeing of all Australians and the Australian economy. If you are, or your business is, struggling during this unprecedented time or you have any questions, please contact our practice.

Disclaimer:

This is general advice only and does not take into account your financial circumstances, needs and objectives. Before making any decision based on this document, you should assess your own circumstances or seek advice from a financial adviser. You should obtain and consider a copy of the Product Disclosure Statement available from us or your financial adviser, before you acquire a financial product.