

## Some answers to your questions.

We've been fielding a lot of phone calls and questions, here is an update for you as we best know today, 24th March 2020.

### Social Security

✓ What does it mean if I lose my job or my business has to close?

- Currently, the Australian Taxation Office has increased the Job Seeker payment by \$550 per fortnight on top of the already existing amounts.
- This will apply to both new and existing job seekers, as well as sole traders whose business has been significantly affected.
- Waiting times and assets tests will be waived. To apply for this, contact Centrelink on the applicable number listed at <https://www.servicesaustralia.gov.au/in.../contact-us/phone-us> or through your MyGov account.

✓ Can I use my superannuation to help me get by?

- If you are eligible, a limit of \$10,000 prior to the 1/7/2020 will apply. After the 1/7/2020 a further \$10,000 can be taken out.
- The payment is tax free and will not impact Centrelink entitlements.
- You can access your superannuation if you are unemployed or eligible to receive a jobseeker payment.
- Sole traders where business has been suspended or turnover reduced by more than 20% can access their superannuation.
- Employees that have had their hours reduced by more than 20% or have been made redundant after 1/1/2020 can also access their superannuation.
- Eligible individuals will be able to apply online through MyGov.

✓ But I am already retired...

- If this is the case, the government has announced a reduction in the minimum super drawdown rates for account based/similar products.
- The means depending on your age you only need to take out half of what you would normally take out.
- This will allow you to better manage your superannuation assets.

### Small Businesses

✓ Where do small businesses fit into all this?

- The government is offering a cash refund of up to \$100,000 for tax withheld from wages for business with a turnover of less than \$50 million.
- This applies from 1/3/2020.

✓ How do they calculate this amount?

- The above amount is calculated at 100% of the tax withheld from your employees.
- This means if you normally withhold \$5,000 in PAYG withheld from your employees per quarter, you will receive \$5,000. This is paid automatically by the ATO after you lodge your Business Activity Statements. Just another incentive to complete your BAS early in order to get the refund quicker.

✓ But what if I don't withhold tax from my employees?

- Eligible businesses will receive a minimum payment of \$20,000 even if they are not required to withhold tax.
- This will be in \$10,000 increments and based on businesses still trading.

Please refer to the link below for further details, including applicable timeframes.

✓ I will need a loan as my business has been affected.

- The government will guarantee 50% of an eligible loan for businesses with a turnover of less than \$50 million.
- Loans will be repayment free for the first 6 months from the 1/4/2020. There will be no fees to access the loan, the guarantee will last three years and the maximum to be borrowed will be \$250,000.
- 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.

✓ I have an apprentice, can the government help?

- A wage subsidy of 50% of the apprentice's wage for 9 months from the 1/1/2020 – 30/09/2020 will be provided.
- Employers will be able to access the subsidy after an eligibility assessment is undertaken by an Australian Apprenticeship Support Network (AASN) provider.

For further information on how to apply for the subsidy, including information on eligibility, contact an Australian Apprenticeship Support Network (AASN) provider.

✓ Are there any incentives for purchasing new assets?

- The immediate asset reduction increases from \$30,000 to \$150,000, while also allowing a 15-month incentive to invest by claiming 50% of the installation fees for new assets up front.
- Please note this does not allow you to get your money back with it only decreasing your taxable income.

✓ What about the affected industries?

- Aviation and regions more affected by the coronavirus outbreak will receive \$715 million and \$1 billion respectively.
- Eligibility: the Deputy Prime Minister will work with affected industries and communities to develop recovery plans and measures.
- Timing: the \$1 billion will be available for distribution through existing or new mechanisms as soon as practicable.

📖 Further information: This information is reflective of what is available as of the 23/3/2020. As more support is offered in the future, we will endeavour to keep you posted. Further details can be found at: <https://treasury.gov.au/coronavirus/businesses>.

***"Information is the resolution of uncertainty" Claude Shannon.***

*Jim and the team*

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