

BUSINESS STIMULUS EXPLAINED

By David Koch

The Federal Government has now unveiled two Economic Stimulus Packages to get businesses through the downturn. While it won't save all businesses, it is a hefty package and could be the lifeline you need to get you through the crisis. Let's run through some of the key elements that stand out to me, and what they mean for you. For the full details and all of the eligibility criteria, head to the Treasury website at treasury.gov.au/coronavirus.

BOOSTING CASH FLOW

Eligible ABN holders who employ staff and have an annual turnover less than \$50 million can access a payment between at least \$20,000 and \$100,000 to help boost their cash flow. It will come as a refund on your BAS or IAS of PAYG tax withheld from the current quarter paid within 14 days, with a second payment for the July to October period. The ATO will automatically calculate it, so there's no extra work from you outside of the regular BAS/IAS lodgment.



SME GUARANTEE SCHEME

Another boost for cash flow is the new SME Guarantee Scheme which sees the Government providing a guarantee of 50% to lenders on unsecured loans up to \$250,000. It's only to be used for working capital, but it could be a critical line of credit for you and is worth looking into as interest is generally not charged unless you draw down funds on the loan. It's available for businesses with a turnover of up to \$50 million, and the loans will be up to three years, with an initial six month repayment holiday.



WAGE SUPPORT

A really vital part of this stimulus package covers support for employers, as well as individuals who have lost part or all of their work. For eligible employers of apprentices or trainees, the Government has agreed to pay a subsidy of 50 per cent of the apprentice's wage. This will be backdated to January 2020 and will continue through to September 30 2020. Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter).



TAX RELIEF

The ATO has come to the table in a big way. Firstly, the instant asset write-off threshold has been lifted from \$30,000 to a whopping \$150,000 and expanded to businesses with up to \$500 million turnover. But it's only available until June 30 and for assets which can be put into use by then, so you'll have to move quickly. So now might be the time to purchase a new vehicle. In addition, the ATO has said they'll be giving relief on tax payments on a case by case basis, which may include delaying payment plans.



PROTECTION FOR BUSINESS OWNERS

Finally, an important measure is the change to rules around debts and bankruptcy. This includes temporary relief for directors of a business from personal liability when trading insolvent, increasing both the threshold for demands by creditors on a company from \$2,000 to \$20,000, as well as the time allowed for a company to respond to demands from 21 days to 6 months. All of these measures will be in place for six months, and will no doubt give some peace of mind to many business owners under pressure.



Please talk to your accountant, contact the ATO, and visit the treasury website for all the details including eligibility criteria for these measures, and seek out your own personal advice to understand what's best for you and your business.