

Australian Government's Coronavirus Stimulus Package for SMEs

The Prime Minister has announced a stimulus plan to curb the economic impact of the coronavirus and keep “Australians in jobs and businesses in business”.

Targeted at SMEs:

- Businesses with turnovers up to \$50 million will receive **a tax free cashflow boost** worth up to \$25,000, designed to help pay wages.

To ensure integrity, businesses which pay the Australian Taxation Office income tax on their employee's salary and wages either quarterly or monthly, will receive a payment equal to 50% of the amount withheld, up to a maximum of \$25,000 over the six- month period ending on 30 June 2020.

The money will be available as a credit on the BAS/IAS's for the March and June quarters 2020 and any excess will be refunded to the business.

Eligible businesses that pay salary and wages but are not required to withhold tax will receive a minimum payment of \$2,000.

- The government is providing assistance to businesses with less than 20 full-time employees to keep apprentices employed at 1 March 2020 in work by paying up to 50% of their salaries with a maximum of \$7,000 each quarter in wage assistance for each apprentice so small businesses can retain existing apprentices and trainees, or re-employ apprentices and trainees who lose their positions from a small business because of the coronavirus downturn.

Where a business can't afford to hold onto an apprentice, the subsidy will be available to a new employer.

Initiatives Targeted at Businesses with Turnovers up to \$500 Million:

- **New instant eligible asset write-off:**
The government will expand the instant asset write off scheme from 12 March 2020 until 30 June 2020 for businesses with turnovers up to \$500 million, which will be able to instantly write-off assets valued at up to \$150,000.
- **Accelerated Depreciation Incentive:** There will also be a 50% accelerated depreciation deduction over and above what these businesses can already deduct in the first year and this will be available for eligible capital expenditure incurred to 30 June 2021.

There are potentially some subtle underlying planning opportunities that may arise for selective businesses, that can be discussed with your CBSW tax advisors in relation to these new measures.

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