

Coronavirus Stimulus Packages for SMEs

A summary of the key features of other Federal government's stimulus package measures targeted at small and medium-sized businesses is as follows: -

- **Tax-free boost of up to \$100,000 to help pay wages:**
Businesses with turnovers up to \$50 million per annum will receive a **tax free cashflow boost worth up to \$100,000** designed to help pay wages. The calculation is based on 100% of PAYG tax deduction from employees' salaries and wages up to a maximum of \$50,000 for the three-month period of January, February, March 2020, which will be assessed on the Business Activity Statement to be lodged on 28 April, with a further 50% of the PAYG amount withheld (June quarter BAS) payable on 28 July (max. of \$25,000) and 28 October (max. of \$25,000) for the September quarter BAS.
- **PAYG Withholding Credit:** Eligible businesses which pay salaries and wages, but are not required to withhold tax, will receive a minimum tax-free credit on their ATO BAS account of \$20,000. The credit to be processed on 28 April will be \$10,000 with a further 50% (\$10,000 in total) being payable on 28 July (\$5,000) and 28 October (\$5,000).
- Businesses with **less than 20 full-time employees, who have apprentices/trainees** employed at 1 March 2020, will be able to apply for a subsidy of 50% of the individual apprentices'/trainees' wages for the nine-month period 1 January to 30 September, up to a maximum cap of \$21,000 per apprentice/trainee employee.
- **Coronavirus supplement:**
A coronavirus supplement has been introduced at \$550 per fortnight, which will be payable to new and existing eligible income support recipients. Eligible recipients will receive the coronavirus supplement from 27 April 2020 along with their usual payment. Eligibility for the coronavirus supplement includes sole traders and self-employed persons.
- **Access to superannuation:**
Individuals who meet specific eligibility criteria, can access money from their superannuation funds. Also, sole traders are eligible where their business has been suspended or there is a reduction in turnover of 20% or more. The superannuation drawdown has to be processed through myGov and an eligible person can access up to \$10,000 of their superannuation before 1 July 2020. They will also be able to access up to a further \$10,000 from 1 July 2020 until 24 September 2020. **We recommend independent financial advice be sought on this matter.**
- **Coronavirus SME Guarantee Scheme:** The government has indicated that it is aware that many SMEs will be facing severe cashflow problems because of COVID-19. The government and the Reserve Bank of Australia have implemented the Coronavirus SME (Loan) Guarantee Scheme.

The Reserve Bank has advised banks that it has a facility of \$90 billion that it will lend to the banks (big 4 banks and a wide range of other banks and financial organisations) these funds from 23 March 2020 to 30 September 2020. The Commonwealth government has indicated that it will issue a 50% guarantee to the banks for each loan approved by them with these funds.

The lending condition imposed by the Reserve Bank and the government is that loans are to be made available to SMEs with turnovers up to \$50 million per annum. The maximum loan is \$250,000 on an unsecured basis for a term of 3 years. There can be an initial 6-month repayment holiday, but interest is capitalised.

Banks will require their normal credit application form is to be completed and other loan eligibility criteria will also be applied when processing applications. SME businesses should carefully and fully document their position before submitting an application and generally those businesses with overdue ATO and other debts will not be considered for these special purpose loans.

Please click on any of the following links that provide further details and checklists: -

- [What government and other assistance is available for my business – here;](#)
- [How can I maintain my business liquidity – here;](#)
- [CCIWA Summary of COVID-19 stimulus assistance – Federal & WA – here;](#)

We can assist you with applying for this SME Loan or other Working Capital facilities.

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