

Federal Government Economic Stimulus Package 2020



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Overview

The Federal Government has announced a \$17.6 billion economic stimulus package in a bid to keep Australians in jobs as the economy takes a hit from the spread of coronavirus.

The targeted stimulus package is focused on keeping Australians in jobs and helping small and medium sized businesses to stay in business.

The package has four parts:

- Supporting business investment
- Providing cash flow assistance to help small and medium sized business to stay in business and keep their employees in jobs
- Targeted support for the most severely affected sectors, regions and communities
- Household stimulus payments that will benefit the wider economy

These measures are temporary.

Treasurer Josh Frydenberg said Australia is approaching the economic challenge from the Coronavirus from a position of strength with IMF and the OECD both forecasting Australia to grow faster than comparable countries including the UK, Canada, Japan, Germany and France.

Business investment

Investment incentive

The government has introduced a \$3.2 billion to back business investment by providing a time limited 15 month **investment incentive** (through to 30 June 2021) to support business investment and economic growth over the short term, by accelerating depreciation deductions.



Businesses with a turnover of less than \$500 million will be able to deduct an additional 50% of the asset cost in the year of purchase.

Instant asset write off

There will be \$700 million to increase the **instant asset write off** threshold from \$30,000 to \$150,000

The instant asset access will be expanded to include businesses with aggregated annual turnover of less than \$500 million (up from \$50 million) until 30 June 2020.

For example, assets that may be able to be immediately written off are vehicles and farming equipment.

These measures **start today**.

The government is encouraging businesses to continue with planned investments and bring them forward to support economic growth over the short term.

Cash flow assistance for businesses

Cash flow boost

There will be \$6.7 billion to boost cash flow for employers by up to \$25,000 with a minimum payment of \$2,000 for eligible small and medium-sized businesses.



The payment will provide cash flow support to businesses with a turnover of less than \$50 million that employ staff, between 1 January 2020 and 30 June 2020.

The payment will be **tax free**.

Businesses that withhold tax on their employees' wages will **receive a payment equal to 50% of the amount withheld**, up to a maximum \$25,000.

Apprentices and trainees

The government has introduced \$1.3 billion to support small businesses with apprentices and trainees.

Eligible employers can apply for a **wage subsidy of 50%** of the apprentice's or trainee's wage for up to 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 that employs that apprentice.

Stimulus payments to households to support growth

The government will provide a one-off \$750 stimulus payment to pensioners, social security, veteran and other income support recipients and eligible concession card holders.

Around half of those that will benefit are pensioners.

The payment will be **tax free** and **will not count as income** for Social Security, Farm Household Allowance and Veteran payments.

There will be one payment per eligible recipient. If a person qualifies for the one off payment in multiple ways, they will only receive one payment.



Payments will be from 31 March 2020 on a progressive basis, with over 90% of payments expected to be made by mid-April.

Assistance for severely-affected regions

The government will provide \$1 billion to support those sectors, regions and communities that have been disproportionately affected by the economic impacts of the Coronavirus, including those heavily reliant on industries such as tourism, agriculture and education.

This will include the waiver of fees and charges for tourism businesses that operate in the Great Barrier Reef Marine Park and Commonwealth National Parks.

It will also include additional assistance to help businesses identify alternative export markets or supply chains.

Targeted measures will also be developed to further promote domestic tourism.

Further plans and measures to support recovery will be designed and delivered in partnership with the affected industries and communities.



The Government is also offering administrative relief for certain tax obligations, including **deferring tax payments** up to four months.

This is similar to relief provided following the bushfires for tax payers affected by the coronavirus, on a case-by-case basis.

The ATO will set up a temporary shop front in Cairns within the next few weeks with dedicated staff specialising in assisting small business.

In addition, the ATO will consider ways to enhance its presence in other significantly affected regions to make it easier for people to apply for relief, including considering further temporary shop fronts and face-to-face options.

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