

Federal Government Second Economic Stimulus Package



Table of contents

Overview	2
West Australian businesses	3
ATO debts and payments	4
BAS reporting cycles	5
PAYG instalments	6
Temporary early access to superannuation	7
Income support for individuals	9
Payments to support households	13
Providing support for retirees	16

Overview

The Australian Government has announced further measures to assist Australians and businesses experiencing financial difficulty as a result of the COVID-19 outbreak.

Today's significant announcements include for businesses:

- Small and medium sized businesses with turnover under \$50 million, along with not-for-profit charities will be eligible for a tax free payment of up to \$100,000. This will be paid as 50% of tax withheld from employee wages over the period 1 January to 30 June. In addition, another 50% will be made in July.
- The government will guarantee unsecured loans of up to \$250,000 over 3 years for small businesses.
- Individuals going through financial difficulty may be eligible to access up to \$10,000 of their superannuation in the 2019/20 financial year and a further \$10,000 in 2020/21, tax free.
- The minimum annual payment required for pensions will be reduced by 50% for 2019/20 and 2020/21.

The additional measures outlined last week included:

- Increase in the instant asset write off threshold from \$30,000 to \$150,000 for all businesses with aggregate annual turnover of less than \$500 million until 30 June 2020.
- Businesses with an aggregate turnover of less than \$500 million are able to deduct 50% of the cost of an eligible asset.
- Support to retain apprentices and trainees with 50% of the apprentices or trainees wage up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter).
- Loan repayments on qualifying business loans will be deferred for a period of up to six months

West Australian Businesses

For businesses in Western Australia:

- A one off grant of \$17,500 for groups of employers whose annual Australian Taxable wages exceed \$1 million but are less than \$4 million.
- A payroll tax deferral for businesses that pay less than \$7.5million in Australian Taxable wages where their turnover is impacted directly or indirectly by COVID-19.
- An increase in the payroll tax threshold to \$1 million up from \$950,000 effective 1 July 2020.

Employers will still need to meet their ongoing super guarantee obligations for their employees.

ATO debts and payments

Payment deferrals

The Australian Taxation Office will offer assistance to businesses impacted by COVID-19 by deferring by up to four months the payment date of amounts due through the business activity statement (including PAYG instalments), income tax assessments, fringe benefits tax assessments and excise

Remitting interest and penalties

If your business is affected by COVID-19, the ATO will consider remitting interest and penalties incurred after 23 January 2020.

Low interest payment plans

If your business has been affected by COVID-19 and you need help to pay your existing and ongoing tax liabilities, contact us to discuss entering a low interest payment plan.

BAS reporting cycles

The Australian Taxation Office will allow businesses on a quarterly reporting cycle (turnover less than \$20 million) to opt into monthly GST reporting in order to get quicker access to GST refunds they may be entitled to.

However, you need to be aware that:

- you can only change from the start of a quarter, so a change now will take effect from 1 April 2020
- changing your GST reporting cycle doesn't mean you have to change your PAYG withholding reporting cycle – you can manage this by specifying the roles you are changing
- once you choose to report and pay GST monthly, you must keep reporting monthly for 12 months before you can elect to revert to quarterly reporting
- if you're registered for fuel tax credits, and change your GST reporting from quarterly to monthly, you will also need to claim your fuel tax credits monthly.

PAYG instalments

If you are a quarterly pay as you go (PAYG) instalments payer you can vary your PAYG instalments on your activity statement for the March 2020 quarter. You can do this by lodging a revised activity statement before your instalment is due and before you lodge your tax return for the year.

Taxpayers that vary their PAYG instalment rate or amount can also claim a refund for any instalments made for the September 2019 and December 2019 quarters.

Where you choose to vary your PAYG instalments the ATO won't apply penalties or charge interest to varied instalments for the 2019–20 financial year.

If you are a monthly payer and have a base assessment instalment income of \$500 million or less, and want to vary your instalment rate and claim a refund on previous instalments paid.

If you realise you've made a mistake working out your PAYG instalment, you can correct it by lodging a revised activity statement or varying a subsequent instalment.

Temporary early access to superannuation

The Government is allowing individuals affected by the Coronavirus to access up to \$10,000 of their superannuation in 2019-20 and a further \$10,000 in 2020-21.

Eligible individuals will be able to apply online through myGov to 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 for approximately three months (exact timing will depend on the passage of the relevant legislation).

Eligibility

To apply for early release you must satisfy any one or more of the following requirements:

- you are unemployed; or
- you are eligible to receive a job seeker payment, youth allowance for jobseekers, parenting payment (which includes the single and partnered payments), special benefit or farm household allowance; or
- on or after 1 January 2020: you were made redundant; or
- your working hours were reduced by 20 per cent or more; or
- if you are a sole trader — your business was suspended or there was a reduction in your turnover of 20 per cent or more.

People accessing their superannuation will not need to pay tax on amounts released and the money they withdraw will not affect Centrelink or Veterans' Affairs payments.

How to apply

If you are eligible for this new ground of early release, you can apply directly to the ATO through the myGov website: www.my.gov.au. You will need to certify that you meet the above eligibility criteria.

After the ATO has processed your application, they will issue you with a determination.

The ATO will also provide a copy of this determination to your superannuation fund, which will advise them to release your superannuation payment.

Your fund will then make the payment to you, without you needing to apply to them directly.

However, to ensure you receive your payment as soon as possible, you should contact your fund to check that they have your correct details, including your current bank account details and proof of identity documents.

Separate arrangements will apply if you are a member of a self-managed superannuation fund (SMSF). Further guidance will be available on the ATO website: www.ato.gov.au.

Timing

You will be able to apply for early release of your superannuation from mid-April 2020.

Income support for individuals

The Government is providing support for individuals to assist them during the next six months.

The Government is temporarily expanding eligibility to income support payments and establishing a new, time-limited Coronavirus supplement to be paid at a rate of \$550 per fortnight. This supplement will be paid to both existing and new recipients of the eligible payment categories. These changes will apply for the next six months.

Eligibility

The income support payment categories eligible to receive the Coronavirus supplement are:

- Jobseeker Payment (and all payments progressively transitioning to JobSeeker Payment; those currently receiving Partner Allowance, Widow Allowance, Sickness Allowance and Wife Pension)
- Youth Allowance Jobseeker
- Parenting Payment (Partnered and Single)
- Farm Household Allowance
- Special Benefit recipients

Anyone who is eligible for the Coronavirus supplement will receive the full rate of the supplement of \$550 per fortnight.

For the period of the Coronavirus supplement, there will be expanded access to the income support payments listed above.

- **Expanded access:** Jobseeker Payment and Youth Allowance Jobseeker criteria will provide payment access for permanent employees who are stood down or lose their employment; sole traders; the self-employed; casual workers; and contract workers who meet the income tests as a

result of the economic downturn due to the Coronavirus. This could also include a person required to care for someone who is affected by the Coronavirus.

- **Reduced means testing:** Asset testing for JobSeeker Payment, Youth Allowance Jobseeker and Parenting Payment will be waived for the period of the Coronavirus supplement. Income testing will still apply to the person's other payments, consistent with current arrangements.
- **Reduced waiting times:** The one week Ordinary Waiting Period has already been waived.
 - To further accelerate access to payments, the Liquid Asset test Waiting Period (LAWP) and the Seasonal Work Preclusion Period (SWPP) will also be waived for recipients eligible for the Coronavirus supplement. People currently serving a LAWP will no longer need to serve that waiting period.
 - The Newly Arrived Residents Waiting Period (NARWP) will be temporarily waived for recipients eligible for the Coronavirus supplement. When the Coronavirus supplement ceases, those people that were serving a NARWP will continue to serve the remainder of their waiting period, though the time the person was receiving the Coronavirus supplement will count towards their NARWP. Residency requirements still apply.
 - Income Maintenance Periods and Compensation Preclusion Periods will continue to apply, as payments under these arrangements are treated as income.

People will not be permitted, and will need to declare that they are not, accessing employer entitlements (such as annual leave and/or sick leave) or Income Protection Insurance, at the same time as receiving Jobseeker Payment and Youth Allowance Jobseeker under these arrangements.

From 20 March 2020, Sickness Allowance was closed to new entrants and was replaced by the JobSeeker Payment. This does not mean that people who previously may have been eligible for Sickness Allowance are now unable to access income support. JobSeeker Payment better accommodates individual circumstances, including assisting people who are sick or bereaved.

Faster claim process

New applicants are encouraged to claim through on-line and mobile channels. If applicants do not have internet access, they can claim over the phone.

- From April 2020, Services Australia will allow new applicants to call to verify their identity to reduce the need to visit a Services Australia office.
- To claim online, people who do not already deal with Services Australia will need to set up their myGov account, call to verify their identity, and get a link to their Centrelink online account.
- Applicants for Jobseeker Payment and Youth Allowance Jobseeker will:
 - Make an initial declaration about their identity, residency status, income and that they have been made redundant, or had their hours reduced (including to zero) as a result of the economic downturn due to Coronavirus.
 - In the case of sole traders and the self-employed, applicants will make a declaration that their business has been suspended or had turnover reduced significantly.
- Applicants may also declare the amount of rent they pay in this declaration to qualify for Rent Assistance.
- Services Australia has effective measures in place to detect those seeking to defraud the social security system. Anyone fraudulently claiming a payment will need to pay the money back and may face imprisonment.

A number of simplified arrangements will be put in place to make it easier to claim, including removing the requirements for:

- Employment Separation Certificates, proof of rental arrangements and verification of relationship status;
- Job Seeker Classification Instrument assessment for those people who have recently left jobs, recognising they are job ready; and
- Job seekers to make an appointment with an employment service provider before they can be paid.

Flexible jobseeking arrangements

Those receiving Jobseeker Payment have an obligation to actively look for work or build their skills, but the Government is making sure this can be done flexibly and safely.

- Jobseekers who have caring responsibilities, or who need to self-isolate, are able to seek an exemption from their mutual obligation requirements without the need for medical evidence.
- Activities can be rescheduled if the job seeker is unable to attend as a result of the Coronavirus. Job Plans will be adjusted to a default requirement of four job searches a month (or one a week) to reflect softening labour market conditions.

Mutual obligations can be tailored for each individual to suit not only their needs but also the needs of the community. In some circumstances, job seekers can undertake training or volunteer within their community to meet their mutual obligation requirements.

Sole traders that become eligible for the Jobseeker Payment will automatically meet their mutual obligation requirements during this period by continuing to develop and sustain their business.

Timing

The Coronavirus Supplement and expanded access for payments will commence from 27 April 2020.

Payments to support households

These payments will provide assistance to lower income Australians, including pensioners, other social security and veteran income support recipients and eligible concession card holders.

The Government is providing two separate \$750 payments to social security, veteran and other income support recipients and eligible concession card holders. Around half of those that benefit are pensioners.

- The first payment (announced on 12 March 2020) will be available to people who are eligible payment recipients and concession card holders at any time from 12 March 2020 to 13 April 2020 inclusive.
- The second payment will be available to people who are eligible payment recipients and concession card holders on 10 July 2020.

A person can be eligible to receive both a first and second support payment. However, they can only receive one \$750 payment in each round of payments, even if they qualify in each round of the payments in multiple ways.

The payment will be exempt from taxation and will not count as income for the purposes of Social Security, Farm Household Allowance and Veteran payments.

Eligibility for the first payment

To be eligible for the first payment, you must be residing in Australia and be receiving one of the following payments, or hold one of the following concession cards, at any time from 12 March 2020 to 13 April 2020, inclusive:

- Age Pension
- Disability Support Pension
- Carer Payment
- Widow Allowance
- Family Tax Benefit, including Double Orphan Pension
- Carer Allowance

- Parenting Payment
- Wife Pension
- Widow B Pension
- ABSTUDY (Living Allowance)
- Austudy
- Bereavement Allowance
- Newstart Allowance
- JobSeeker Payment
- Youth Allowance
- Partner Allowance
- Sickness Allowance
- Special Benefit
- Pensioner Concession Card (PCC) holders
- Commonwealth Seniors Health Card holders
- Veteran Service Pension; Veteran Income Support Supplement; Veteran Compensation payments, including lump sum payments; War Widow(er) Pension; and Veteran Payment.
- DVA PCC holders; DVA Education Scheme recipients; Disability Pensioners at the temporary special rate; DVA Income support pensioners at \$0 rate.
- Veteran Gold Card holders
- Farm Household Allowance

Where someone has lodged a claim for one of the eligible payments or concession cards at any time from 12 March to 13 April 2020 inclusive, and the claim is subsequently granted, they will also receive the payment.

The first payment will be made to approximately 6.6 million social security, veteran and other income support recipients and eligible concession card holders. Around half of those that benefit are pensioners.

Eligibility for the second payment

To be eligible for the second payment, you must be residing in Australia and be receiving one of the payments or holding one of the concession cards that were eligible for the first payment, except for those who are receiving an income support payment that is eligible to receive the Coronavirus supplement.

Income support recipients that are eligible to receive the Coronavirus supplement are:

- JobSeeker Payment (and payments progressively transitioning into JobSeeker Payment)
- Youth Allowance Jobseeker
- Parenting Payment (Partnered and Single)
- Farm Household Allowance
- Special Benefit

The second payment is expected to be made to around 5 million social security, veteran and other income support recipients and eligible concession card holders. Around half of those that benefit are pensioners.

Timing

First Payment	Paid automatically from 31 March 2020
Second Payment	Paid automatically from 13 July 2020

Providing support for retirees

The Government is temporarily reducing superannuation minimum drawdown requirements for account-based pensions and similar products by 50 per cent for the 2019-20 and 2020-21 income years.

The Government is also reducing both the upper and lower social security deeming rates by a further 0.25 percentage points in addition to the 0.5 percentage point reduction to both rates announced on 12 March 2020.

Temporary reduction in superannuation minimum drawdown requirements

This measure will benefit retirees with account-based pensions and similar products by reducing the need to sell investment assets to fund minimum drawdown requirements.

The reduction applies for the 2019-20 and 2020-21 income years.

Age	Default minimum drawdown rates (%)	Reduced rates by 50 per cent for the 2019-20 and 2020-21 income years (%)
Under 65	4	2
65-74	5	2.5
75-79	6	3
80-84	7	3.5
85-89	9	4.5
90-94	11	5.5
95 or more	14	7

This measure will have no impact on the underlying cash balance for 2019-20 and a negligible impact in 2020-21.

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