



Business Stimulus Package # 2 Announced by the Government to Support Business

On 22 March 2020, the Government announced additional measures to assist small and medium sized business entities with aggregated annual turnover under \$50 million (SMEs) to manage cashflow challenges and help businesses retain their employees.

Highlights of the Stimulus Package #2

Boosting Cash Flow for Employers Measure- the government has increased the cash flow assistance measure from the first package. Under the increased scheme, SMEs will now receive two instalments equal to 100 per cent of their PAYG withheld on salary and wages with each maximum payment increased from \$25,000 (under the first package) to \$50,000, for a total maximum payment of \$100,000. In addition, the minimum payment is being increased from \$2,000 to \$10,000.

The first payment (capped at \$50,000) will be made after 28th April and the second payment (also capped at \$50,000) after 28 July 2020.

- *Employers on quarterly activity statements will receive a payment equal to 100 per cent of the amount withheld, up to a maximum payment of \$50,000. The payment will be delivered by the ATO as an automatic credit in the on lodgment of the March 2020 & June 2020 BAS returns and based on the PAYG Withholding tax disclosed thereon.*
- *Employers on monthly activity statements will receive a payment equal to 100 per cent of the amount withheld each month, up to a maximum payment of \$50,000.*

For monthly lodgers, payments will be delivered by the ATO as an automatic credit on the lodgment of the March 2020, April 2020, May 2020 and June 2020 activity statements. However, to provide a similar treatment to quarterly lodgers, the payment for monthly lodgers will be calculated at three times the rate (300 per cent) in the March 2020 activity statement.

- Eligible employers that pay salary and wages will receive a minimum payment of \$10,000, even if they are not required to withhold tax. This (minimum) payment will be applied to the entities' first lodgment.
- The payments will only be available to active eligible employers established prior to 12 March 2020.

The second payment (capped at \$50,000) will be made during the July – October 2020 period.

- For monthly activity statement lodgers, the additional payments will be delivered as an automatic credit in the activity statement system. This will be equal to a quarter of the first payment as detailed above following the lodgment of the June 2020, July 2020, August 2020 and September 2020 activity statements (up to a total of \$50,000).
- For quarterly activity statement lodgers, the additional payments will also be delivered as an automatic credit in the activity statement system. This will be equal to half of their total first payment following the lodgment of the June 2020 and September 2020 BAS statements (up to a total of \$50,000).
- Eligible employers that pay salary and wages will receive a minimum payment of \$10,000, even if they are not required to withhold tax.

Apprentice & Trainee Wage Subsidies Measure – The subsidy will be available to small businesses employing fewer than 20 full-time employees who retain an apprentice or trainee.

Eligibility conditions: -

- The apprentice or trainee must have been in training with a small business as at 1 March 2020.
- Employers will be able to access the subsidy after an eligibility assessment is undertaken by an Australian Apprenticeship Support Network (AASN) provider
- Employers will be able to access the subsidy after an eligibility assessment is undertaken by an Australian Apprenticeship Support Network (AASN) provider.

Employers can register for the subsidy from early April 2020. Final claims for payment must be lodged by 31 December 2020. Employers of any size and Group Training Organisations that re-engage an eligible out-of-trade apprentice or trainee will be eligible for the subsidy.

Support for immediate cash flow needs for SMEs

The Government, the Reserve Bank of Australia and the Australian Prudential Regulation Authority have taken coordinated action to ensure the flow of credit in the Australian economy.

Under the Coronavirus SME Guarantee Scheme, the Government will provide a guarantee of 50 per cent to SME lenders to support new short-term unsecured loans to SMEs.

The Scheme will guarantee up to \$40 billion of new lending. This will provide businesses with funding to meet cash flow needs, by further enhancing lenders' willingness and ability to provide credit. This will assist otherwise viable businesses across the economy who are facing significant challenges due to disrupted cash flow to meet existing obligations.

Victorian Government Payroll Tax rescue package

Payroll tax waived

- Payroll tax on payrolls of less than \$3 million for the first three quarters of the 2019-20 financial year are to be refunded,
- payroll tax for the fourth quarter will be waived
- the due date for the first quarter of 2020-21 will be deferred until January 2021 –
- The payments, applying to 24,000 businesses with a payroll of less than \$3 million, will start flowing from 27 March 2020

Liquor license fees waived

Businesses that have paid for a renewable liquor licence for 2020 will be reimbursed their licence fee and those yet to pay will have the fee waived.

The State Revenue Office will administer the reimbursement, regardless of whether the licence fee was paid to it or the Victorian Commission for Gaming and Liquor Regulation.

Land tax deferral

Land owners due to pay 2020 land tax that have at least one non-residential property and total taxable landholdings below \$1 million have the option of deferring their 2020 land tax payment until after 31 December 2020.

The State Revenue Office will contact all taxpayers who are eligible for this deferral.

For further information on how the above measures may assist your cash flow, contact our team on 9489 5888.