

# COVID-19: Coronavirus

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*Summary*

*25 March 2020*



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## Learning Outcomes

After completion of this topic, successful participants should be able to understand the current status of stimulus measures released by both the State and Federal Governments of Australia in response to the COVID-19 pandemic.

## Introduction

The COVID-19 pandemic is having a profound impact on the Australian economy. Therefore both State and Federal Governments of Australia have released stimulus and safety net measures to help businesses and individuals.

The Australian Taxation Office (ATO) has also updated its website with essential tax and superannuation information on COVID-19 measures. The site is [ato.gov.au/coronavirus](https://ato.gov.au/coronavirus).

Legislation to implement the Federal Government measures was passed by both Houses of Parliament on 24 March 2020 and is available on the Australian Parliament House website. The site is [www.aph.gov.au/Parliamentary\\_Business/Bills\\_Legislation](https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation). Relevant legislation includes:

- [Coronavirus Economic Response Package Omnibus 2020](#)
- [Boosting Cash Flow for Employers \(Coronavirus Economic Response Package\) 2020](#)
- [Assistance for Severely Affected Regions \(Special Appropriation\) \(Coronavirus Economic Response Package\) 2020](#)
- [Appropriation \(Coronavirus Economic Response Package\) \(No. 1\) 2019-2020](#)
- [Appropriation \(Coronavirus Economic Response Package\) \(No. 2\) 2019-2020](#)
- [Structured Finance Support \(Coronavirus Economic Response Package\) 2020](#)
- [Australian Business Growth Fund \(Coronavirus Economic Response Package\) 2020](#)
- [Guarantee of Lending to Small and Medium Enterprises \(Coronavirus Economic Response Package\) 2020](#)

# 1. Business cash-flow assistance

## Business cash-flow assistance

Name	Description	Eligibility	Provider	How to access?
<p><b>1.1</b></p> <p><a href="#">Small Business relief package</a></p>	<p>Small businesses can defer payments due on existing loans for up to 6 months. Interest will continue to accrue during the deferral period</p>	<p>Announcement from Australian Banking Association indicates this measure is for business with total debts not exceeding \$3m</p>	<p>Australian Banks and financial institutions</p>	<p>Contact the relevant financial institution Financial Difficulty hotline, details <a href="#">here</a></p>
<p><b>1.2</b></p> <p><a href="#">Boosting cash-flow for employers</a></p> <p>(Part of the second Federal Government Stimulus Measures)</p> <p><b>Refer detailed examples in Chapter 5 below</b></p>	<p>'Payment' through the activity statement system (usually in the form of a credit to the RBA) that is linked to reported PAYG withholding amounts. The payment/credit occurs on lodgement of BAS/IAS for March to September 2020. Amount varies from \$20k to \$100k in total payments broken into first cash-flow boost and second cash-flow boost</p>	<p>SMEs with 2019 turnover under \$50m or who are 'reasonably likely' to have turnover under \$50m for 2020 who make payments that require withholding (whether amounts are withheld or not). Includes not-for-profits and charities</p>	<p>Federal Government</p>	<p>Notification in the 'approved' form (through BAS/IAS) and then automatic 'payment' from ATO to eligible businesses (usually in the form of a credit to RBA) upon lodgement of relevant BAS/IAS</p>

Business cash-flow assistance

Name	Description	Eligibility	Provider	How to access?
<p><b>1.3</b> <a href="#">Coronavirus SME Guarantee Scheme</a>  (Part of the second Federal Government Stimulus Measures)</p>	<p>Federal Government will guarantee 50% of new loans from eligible lenders to SMEs, up to total Government debt of \$20bn (supporting \$40bn in new 'unsecured' loans to SMEs). Maximum loan \$250k</p>	<p>SMEs (i.e. under \$50m turnover) subject to a Financial Institution approval process</p>	<p>Australian banks and financial institutions, guaranteed by Federal Government</p>	<p>Contact your financial institution i.e. relationship manager or visit <a href="#">here</a></p>
<p><b>1.4</b> <a href="#">Supporting apprentices and trainees</a>  (Part of first Federal Stimulus Measures)</p>	<p>50% wage subsidy for apprentice/trainee if business employs less than 20 persons  Businesses employing 20 or more can claim subsidy if they take-on some out-of-work apprentices</p>	<p>Small business (less than 20 employees) who retain or employ apprentice or trainee  Employers of any size (20 or more employees) who re-engage an out-of-trade apprentice or trainee</p>	<p>Federal Government</p>	<p>Register for subsidy from early April. Contact an Australian Apprentice Support Network (AASN) provider <a href="#">here</a></p>
<p><b>1.5</b> Third Federal Government Stimulus</p>	<p>Federal Government has indicated that further stimulus measures may be released. However, the next sitting date for Parliament is now 11 August 2020</p>	<p>To be advised</p>	<p>To be advised</p>	<p>To be advised</p>

Business cash-flow assistance

Name	Description	Eligibility	Provider	How to access?
<p><b>1.6</b> <a href="#">Business survival package</a> (VIC)</p>	<p>Three-stage assistance package for Victorian businesses impacted by COVID-19</p> <p>The first stage consisting of a payroll tax refund for 24,000 small to medium businesses for 2020 payroll i.e. refund of first 3 quarters and credit for 4<sup>th</sup> quarter. Funding of \$550m provided for this stage</p>	<p>Victorian businesses who paid payroll tax</p>	<p>VIC Government</p>	<p>Payroll tax refund will be automatic for eligible businesses with payments starting from Friday the 27 March 2020. For further details call 13 22 15 or visit <a href="#">here</a></p>
	<p>The next stage will be the development of a \$500m fund to provide hardship payments, grants and tailored support for Victorian businesses</p>	<p>Eligible businesses, determined by Victorian Government and industry representatives</p>	<p>VIC Government</p>	<p>Details to come</p>
	<p>The third stage includes a range of measures worth \$600m including waiving liquor licensing fees, support for people who have lost their jobs and rent relief</p>	<p>Liquor license holders, businesses leasing from the government</p>	<p>VIC Government</p>	<p>Details to come</p>



Business cash-flow assistance

Name	Description	Eligibility	Provider	How to access?
<b>1.7</b> <a href="#">\$2.3bn corona virus stimulus package</a> (NSW)	Waiver of payroll tax for businesses with payrolls of up to \$10m for 3 months	NSW businesses liable for payroll tax with a payroll up to \$10m	NSW Government	Details to come
	Waiver of fees and charges for small business cafes, restaurants and tradesmen	Small businesses (non-defined)	NSW Government	Details to come
<b>1.8</b> <a href="#">Interest free loan</a> (QLD)	A pool of \$500m has been allocated to provide 12-month interest free loans of up to \$250,000 to QLD businesses impacted by COVID-19	QLD businesses who employ workers. Purpose of loan is staff retention	QLD Government	Expressions of interest are open, register interest <a href="#">here</a>
<b>1.9</b> <a href="#">Coronavirus payroll tax relief</a> (QLD – updated for 24 March Stimulus)	Measure 1: Deferral of 2020 payroll tax obligations (the Deferral)  Measure 2: Refund of two months payroll tax (the Refund)  Measure 3: Payroll tax ‘holiday’ i.e. no payroll tax payable at all for 3 months (the Holiday)	All measures available to QLD businesses subject to withholding tax that have been negatively affected by coronavirus (e.g. profit, turnover). However, the Holiday is only available if taxable wages are \$6.5m or less	QLD Government	Generally must apply for by 31 May 2020, see <a href="#">here</a>  If already applied for the Deferral (under previous stimulus announcement), no need to re-apply

Business cash-flow assistance

Name	Description	Eligibility	Provider	How to access?
1.10 <a href="#">Small and medium business power bill relief</a>	\$500 rebate off energy bills	Small to medium business, consume less than 100,00(kWh)	QLD Government	Automatic. More details to come
1.11 <a href="#">Business rent relief</a>	Rent holiday for businesses who rent premises from QLD State Government	Details to come	QLD Government	Details to come
1.12 <a href="#">Government \$607m stimulus</a> (WA)	One-off grant of \$17,500 for businesses with payroll between \$1m-\$4m	WA businesses with a payroll tax obligation and payroll between \$1m - \$4m	WA Government	Details to come. <a href="#">Contact small business support services</a> on 133 140
	Deferral of payroll tax	WA small to medium businesses	WA Government	For payroll tax deferral, visit <a href="#">here</a>
1.13 <a href="#">\$10m economic stimulus package</a> (Melbourne)	Suspension of fees for registration under the food act	Melbourne based business in the food industry	City of Melbourne	Automatic
	Tenants of council-owned buildings will have their rent halved for three months	Businesses with council as landlord	City of Melbourne	Automatic

Business cash-flow assistance

Name	Description	Eligibility	Provider	How to access?
<b>1.14</b> <a href="#">Tasmanian support and stimulus package</a> (TAS)	Interest free loans to business, \$20m total funding	Small businesses in the hospitality, tourism, seafood production or export sectors. Turnover under \$5m	TAS Government	Call 1800 440 026 or visit <a href="#">here</a>
	Payroll Tax Waivers	Business in the hospitality, tourism and seafood industries	TAS Government	Call (03) 6166 4400 or visit <a href="#">here</a>
	Government to pay bills sooner, from 30 day payment term to 14 day payment term	All Tasmanian State Government suppliers	TAS Government	Immediate

## 2. Business investment measures

### Business investment measures

Name	Description	Eligibility	Provider	How to access?
<b>2.1</b> <a href="#">Delivering support for Business Investment</a>  (Part of the first Federal Government Stimulus Measures)  <b>Refer detailed examples in Chapter 5 below</b>	The instant asset write-off threshold will be increased to \$150,000 for depreciating assets installed ready for use from 12 March 2020 to 30 June 2020	Businesses with aggregated annual turnover of less than \$500m	Federal Government	Claimed through 2020 Tax Return
	Accelerated depreciation (50%) for depreciating assets installed ready for use from announcement date (12 March 2020) to 30 June 2021 (where instant asset write-off does not apply)	Businesses with aggregated annual turnover of less than \$500m	Federal Government	Claimed through 2020 and/or 2021 Tax Return
<b>2.2</b> <a href="#">Market Diversification and Resilience Grant</a>  (QLD)	Grants of up to \$7,500 to co-fund acquisition of new equipment. Applicant must contribute at least 25%	QLD businesses in the agriculture, food and fishing sectors	QLD Government	Fill-out application form, available <a href="#">here</a>
	Project grants of up to \$50,000 for projects relating to exporting	QLD businesses in the agriculture, food and fishing sectors	QLD Government	Apply by 20 April 2020. Application form <a href="#">here</a>

Business investment measures

Name	Description	Eligibility	Provider	How to access?
<b>2.3</b> <a href="#">Economic and Business Growth Fund</a> (SA)	Additional \$70m added to existing Economic and Business Growth Fund (the Fund). The Fund supports businesses in SA that meet the investment criteria	See the Economic and Business Growth Fund Guidelines <a href="#">here</a> for the eligibility requirements for assistance	SA Government	Submission process contained within the Economic and Business Growth Fund Guidelines, available <a href="#">here</a>
<b>2.4</b> <a href="#">Business Improvement Grant</a> (NT)	Two grants of \$10,000 (co-contribution of \$10,000)	NT businesses purchasing goods and services to make permanent physical improvements to a business (land and/or buildings) that help improve its operations and customer experience.	NT Government	Must apply, registration opens Monday 30 March 2020. Visit <a href="#">here</a>

### 3. Other business support measures

Other business support measures					
Name	Description	Eligibility	Provider	How to access?	
<p><b>3.1</b> <a href="#">Assistance for affected regions, communities and industries</a></p> <p>(part of first Federal Government Stimulus Measures)</p>	<p>Federal Government has set aside \$1bn to support regions and communities that have been disproportionately impacted by corona virus</p> <p>Waiver of Great Barrier Reef access fees for tourism operators and the waiver of entry fees for Commonwealth National Parks</p>	<p>Regions that depend upon tourism, agriculture and education</p> <p>The Minister for Trade, Tourism and Investment will work with affected industries and communities</p>	Federal Government	Details to come	
<p><b>3.2</b> <a href="#">Temporary relief for financially distressed businesses</a></p> <p>(part of the second Federal Government Stimulus Measures)</p>	<p>Temporary increase to the threshold at which creditors can issue a statutory demand and the time companies have to respond. Threshold now up to \$20k.</p> <p>Temporary relief for directors from personal liability for trading while insolvent</p>	Trading companies, corporate trustees of trading trusts and their Directors	Federal Government, via amendments to Corporations Act 2001	Available upon enactment of relevant legislation	

Other business support measures

Name	Description	Eligibility	Provider	How to access?
3.3 <a href="#">Facebook Small Business Grants</a>	\$100m in cash grants and ad credits to business across 30 countries (including Australia)	Details to come	Facebook	Click the 'sign up for updates' button <a href="#">here</a>
3.4 <a href="#">Immediate Industry Recovery Package</a> (QLD)	A fund of \$27.25m to assist local government, business and industry with resilience and recovery strategies. The fund will provide targeted financial support	Details to come	QLD Government	For updates, visit <a href="#">here</a>
3.5 <a href="#">Small business Development Corporation Hotline</a> (WA)	Free advice to WA businesses	WA businesses	WA Government	To access the service, contact 133 140 (8.30am-4.30pm weekdays) or visit <a href="#">here</a>
3.6 <a href="#">Immediate work grant</a> (NT)	Grants up to \$100,000, amounts over \$50,000 must be matched dollar for dollar	NT not-for-profits and community organisation who engage local NT businesses to do repairs, renovations and upgrades to their property	NT Government	Must apply, registrations open Monday 30 March 2020. Visit <a href="#">here</a>

## 4. Household stimulus measures

### Household stimulus measures

Name	Description	Eligibility	Provider	How to access?
<b>4.1</b> <a href="#">Stimulus payments to households to support growth</a>  (part of first Federal Government Stimulus Measures)	One-off \$750 payment	Residents of Australia receiving Federal Government assistance or a concession card holder from 12 March 2020	Federal Government	Automatic
<b>4.2</b> <a href="#">Payments to support households</a>  (part of the second Federal Government Stimulus Measures)	Another one-off \$750 payment	Social security and veteran income support recipients and eligible concession card holders, except those also eligible for the Coronavirus supplement (see 4.3 below)	Federal Government	Automatic



## Household stimulus measures

Name	Description	Eligibility	Provider	How to access?
<b>4.3</b> <a href="#">Corona virus supplement</a> (part of second Federal Government Stimulus Measures)	Time-limited (6 months) supplement of \$550 per fortnight	Existing and new recipients of the JobSeeker Payment, Youth Allowance, Parenting Payment, Farm Household Allowance and Special Benefit	Federal Government	Automatic
<b>4.4</b> <a href="#">Early release of superannuation</a> (part of the second Federal Government Stimulus Measures)	Early access to \$10,000 of super by 30 June 2020 and a further \$10,000 between 1 July 2020 and 30 June 2021	Individuals in financial stress e.g. sole traders and casual workers when earnings dropped by 20% or more	Superannuation provider + Federal Government amending financial hardship 'condition of release'	Apply online through myGov. Not available at 22 March 2020
<b>4.5</b> <a href="#">Temporarily reduce the super minimum draw-down rates</a> (part of the second Federal Government Stimulus Measures)	50% reduction of the 2019/20 and 2020/21 minimum draw-down requirement for account based pensions and similar products	Anyone drawing down on these products during 2019/20 and 2020/21	Federal Government, amending the SIS Regulations	Subject to changes in Regulations, will apply to 2020 and 2021

Household stimulus measures

Name	Description	Eligibility	Provider	How to access?
<p><b>4.6</b> <a href="#">Reducing social security deeming rates</a> (part of the second Federal Government Stimulus Measures)</p>	<p>Reducing deeming rates by a further 0.25 percentage points. From 1 May 2020, lower deeming rate will be 0.25% and upper deeming rate will be 2.25%</p>	<p>Will affect income support recipients and Age Pensioners</p>	<p>Federal Government</p>	<p>Effective from 1 May 2020</p>
<p><b>4.7</b> <a href="#">Home Improvement Scheme</a> (NT)</p>	<p>Homeowners receive 'vouchers' for home improvements – \$4,000 voucher for co-contribution of at least \$1,000 and \$6,000 for a co-contribution of at least \$2,000</p>	<p>Home owners in the NT, owner-occupiers and investors. All works must be completed by local tradies</p>	<p>NT Government</p>	<p>Tradies must register to take part, registrations open Monday 30 March 2020 visit <a href="#">here</a></p>

## 5. Detailed examples

### Boosting cash-flow for employers (Federal Government)

Name	Eligible businesses	Description of Measure	How to access?	Timing of payment
<a href="#">Boosting cash-flow for employers</a>	<p>Generally, business with prior year (2019) turnover under \$50m or 'reasonably expected' to have turnover under \$50m in 2020 that makes payments subject to withholding (even if no withholding required). Includes charities and not-for-profits. See EM <a href="#">here</a> for further detail</p>	<p>Payments to businesses of between \$20,000 and \$100,000 from March to September 2020, paid in tranches</p> <p>First cash-flow boost payment likely take the form of 100% 'credit' of PAYG withholding through RBA for quarterly BAS lodgers and 300% 'credit' of PAYG withholding through RBA for monthly lodgers (when March 2020 BAS/IAS lodged)</p> <p>Second payment total equal to first payment (provided business still trading) and will be paid (or 'credited' to RBA) in 4 instalments for monthly lodgers (due dates for June, July, August and September 2020 BAS) and 2 instalments for quarterly lodgers (due dates for June and September 2020 BAS/IAS)</p>	<p>By lodging the BAS/IAS from March to September 2020. A credit is made by ATO through the activity statement system upon lodgement of BAS or IAS. The period in question runs from March to September 2020. Payment made within 14 days (if RBA in credit)</p>	<p>Notify in 'approved' form. The lodgement of the BAS/IAS will notify the Commissioner of the claim in the 'approved' form. If the credit places the business running balance account in a refund position, the refund amount will be paid to the nominated account within 14 days. This is likely to be as late as 12 May 2020</p>

**Example 1A – First cash-flow boost payment (Quarterly BAS, withholding)**

Talia runs a café, employs staff and had turnover well below \$50m for 2019. She is a quarterly BAS lodger. Her March 2020 BAS is lodged on 5 April 2020 and she reports \$10k in PAYG withholding tax. Talia does not pay the \$10k withholding tax amount to the ATO. Talia will receive a \$10,000 credit in her RBA from 28 April 2020 (100% of the \$10k reported withholding amount). As this credit places her account back in a nil position (after the reported \$10k withholding liability), Talia can keep the \$10k in withholding tax and her business RBA is returned to nil.

Talia continues to trade through the downturn and reports withholding of \$5,000 in her June 2020 BAS (again, this amount is not paid to the ATO). Talia will receive another credit of \$5,000 to her RBA under the 'first cash-flow boost'. The total first cash-flow boost payment received by Talia is \$15,000.

**Example 1B – Second cash-flow boost payment (Quarterly BAS, withholding)**

Assuming Talia continues to trade through to June 2020, her business will be eligible for the first half of the second cash-flow boost payment. This will take the form of a credit of \$7,500 (half of the first cash-flow boost payment amount) to her RBA on 28 July 2020. In addition, if Talia continues to trade through to September 2020, a further \$7,500 credit to her RBA (the other half of the first cash-flow boost payment amount) will arise on 28 October 2020. Talia may receive a physical cash payment from the ATO for these 'credit' amounts as her RBA is likely to be in surplus however this is subject to Commissioner's discretion. If a physical cash payment of an RBA surplus amount is made, this will not be assessable when received.

**Example 2A – First cash-flow boost payment (Monthly BAS, withholding)**

Mick runs a transport company, employs over 20 staff and had turnover well below \$50m for 2019. He is a monthly BAS lodger. His March BAS is lodged on 5 April 2020 and he reports \$10k in PAYG withholding tax. Mick does not pay the \$10k withholding tax amount to the ATO. Mick will receive a \$30,000 credit (300% of the withheld amount<sup>1</sup>) in his RBA from 28 April 2020, placing his RBA into a \$20,000 surplus position. This surplus may be paid to Mick within 14 days (i.e. 12 May 2020) or it may sit as a credit in the business RBA. If Mick then lodges his April and May 2020 BAS' and reports \$10k withholding in each but again does not pay the withholding amounts to the ATO, both these lodgements will have nil impact on the RBA (as the \$10k liability from reporting and not paying is offset by the \$10k credit). Mick has now used up the full \$50,000k available under the first cash-flow boost payment

<sup>1</sup> To take into account the Jan and Feb withholding amounts

**Example 2B – Second cash-flow boost payment (Monthly BAS, withholding)**

Assuming Mick continues to trade through to September 2020, his business will be eligible for the second cash-flow payment. As he used the full \$50,000 in the first cash-flow payment, the second cash-flow payment will be delivered in 4 increments of \$12,500 when his June, July, August and September BAS' are lodged.

## Delivering support for business investment (Federal Government)

Name	Eligible businesses	Description of Measure	How to access?	Timing of payment
<a href="#">Delivering Support for Business Investment</a>	Businesses with aggregated annual turnover of less than \$500m. For 'aggregated turnover' see section 328-115 ITAA 1997 <a href="#">here</a>	<p>The \$30,000 instant asset write-off threshold for depreciating asset purchases has been increased to \$150,000 where the asset acquired (and likely 'installed ready for use') from 12 March 2020 to 30 June 2020</p> <p>If the depreciating asset either costs \$150,000 or more and/or it is installed ready for use after 30 June 2020, a 50% accelerated depreciation deduction can be claimed and normal depreciation rules will apply to the balance. This measure is available until 30 June 2021</p>	<p>Claim through the 2020 Tax Return</p> <p>Claim through the 2020 Tax Return (if asset costs \$150,000 or more and installed ready for use by 30 June 2020) or the 2021 Tax Return (if the asset is installed ready for use after 30 June 2020 but before 30 June 2021)</p>	<p>Forms part of the 2020 tax position of the business</p> <p>Forms part of the 2020 or 2021 tax position of the business</p>
<p><b>Example 1 (eligible asset installed ready for use by 30 June 2020)</b></p> <p>David runs his broad-acre farming business through the family discretionary trust. Turnover was just over \$3m for the 2019 and (likely) 2020 income years. David purchases a new tractor in the trust for \$80,000 (excluding GST) in May 2020 for use in the farming business. The tractor is delivered on 20 May 2020 and is put to work immediately in the winter wheat crop planting. David will be able to claim the enhanced instant asset write-off for the May 2020 tractor purchase and deduct the full 'cost' of the asset (not including GST) in the 2020 trust tax return.</p> <p><b>COMMENT:</b> Be careful with the possible 'installed ready for use' requirement that exists in the current instant asset write-off i.e. may need to have taken delivery of asset and started using it by 30 June 2020. Depending on assets, supply chain issues could be problematic.</p>				

**Example 2 (eligible asset installed ready for use after 30 June 2020 and before 1 July 2021)**

David runs his broad-acre farming business through the family discretionary trust. Turnover was just over \$3m for the 2019 and (likely) 2020 income years. David ordered a new tractor in May 2020 (for \$80k excluding GST) for use in the trust farming business. Due to COVID-19 supply chain issues, the tractor is not delivered until July 2020 and is put to work immediately in the business. David will be able to claim the 50% accelerated depreciation deduction for the tractor purchase in the 2021 trust return and can either apply standard depreciation rules to the balance or add the balance to a small business pool (details to come on this).

