

A wide-angle photograph of the Sydney city skyline at dusk, with numerous skyscrapers illuminated against a dark sky. The water of the harbor is visible in the foreground.

**OUR EXPERTISE + OUR SOLUTIONS = YOUR BENEFITS**

## **Government Stimulus – Are you eligible?**

As you may have heard, the Australian Government has announced economic stimulus package that will help businesses that are affected by the COVID-19 pandemic. Several incentives are to be introduced by legislation in late March 2020.

### **What are the incentives?**

Enhanced instant asset write-off, Cash flow boost for eligible Employers, and Apprentice Support for Employers.

### **Enhanced instant asset write-off**

Instant asset write-off is an allowed full amount tax deduction on plant, equipment or specific intangible assets purchased for the running of business. The government is increasing the instant asset write-off (IAWO) threshold from \$30,000 to \$150,000. They are also introducing a time limited 15-month investment incentive to support business investment and economic growth over the short-term, by accelerating depreciation deductions. A deduction of 50% of the cost of an eligible asset on installation will apply, with existing depreciation rules applying to the balance of the asset's cost.

### **Who are qualified?**

Business with aggregated annual turnover of less than \$500 million, generally assessed based on prior year turnover, are qualified for this incentive.

### **How to get it?**

Instant asset write-off can be obtained through purchases of new or second-hand assets first used, or installed ready for use from 12 March 2020 until 30 June 2020 while time limited 15 months incentive, deduction of 50%

of the cost of an eligible asset on installation apply to new asset (only) first used or installed between 12 March 2020 to 30 June 2021.

## **Cash flow boost for employers**

The Boosting Cash Flow for Employers measure will provide up to \$25,000 back to business. This payment will provide temporary cash flow support to business that employ staff during this economic downturn. This cash flow boost payment will be tax free.

Employers that withhold tax on their employees' salary and wages will receive a payment equal to 50% of the total amount tax withheld, capped at a maximum payment of \$25,000. Eligible businesses that pay salary and wages will receive a minimum payment of \$2,000, even if they are not required to withhold tax.

### **How to get it?**

Quarterly lodgers will be eligible to receive payment for the quarters ending March 2020 and June 2020. A payment equal to 50% of the quarterly tax withheld will be delivered by ATO as a credit in the Activity Statement system from 28 April 2020 upon lodgment of Activity Statements.

Monthly lodgers will be eligible to receive it on lodgment months of March 2020, April 2020, May 2020 and June 2020. To provide a similar treatment, payment will be calculated at 150% in the March 2020 activity statement.

Business who pay salary and wages but not required to withhold taxes will receive minimum payment of \$ 2,000 when business first lodge its activity statement. Where this place the business in a refund position, the ATO will deliver the refund within 14 days.

## **Apprentice Support for Employers**

Eligible employers can apply for a wage subsidy of 50% of the apprentice's or trainee's wage paid. The maximum subsidy per apprentice or trainee is \$21,000.

### **Who are qualified?**

Businesses who employ apprentices and trainees and employ fewer than 20 full-time employees in total.

### **How to get it?**

Applies to wages paid to an apprentice or trainee during the period 1st January 2020 – 30th September 2020. Employers will need to register for the subsidy from early April 2020 with final claims due 31st December 2020. An eligibility assessment will be conducted by an Australian Apprenticeship Support Network provider. Benefits will be paid to employers after a claim process is undertaken and deemed to be successful.

### **Affected by Coronavirus?**

Call STC Partners at 9362 1000 or email [admin@stcpartners.com.au](mailto:admin@stcpartners.com.au) if you have questions or need further clarifications on key measurements above.