

The Government's stimulus package in response to the Coronavirus

Fact sheet – May 2020

In response to the economic impact of the Coronavirus, the Government has announced a number of initiatives to help individuals and businesses at this uncertain time.

The changes include accessing some of your super if you're in financial stress, tax concessions for small businesses and changes to social security benefits.

Below is an overview of the initiatives and changes that may help you.

Superannuation initiatives

Early access to super

If you are under financial stress, you may be able to access up to \$10,000 of your super before 1 July 2020 and another \$10,000 after 1 July 2020, for a limited time. **The ATO started accepting applications from mid-April.**

You may be eligible for early access to your super if you are either:

- unemployed
- eligible for a Jobseeker payment, Youth Allowance payment for job seekers, Parenting Payment (including the single and partnered payments), special benefit or farm household allowance.

You may also be eligible if (on or after 1 January 2020) you:

- were made redundant
- had your working hours reduced by 20% or more
- are a sole trader and your business was suspended or you experienced a reduction in business turnover of 20% or more.

These payments are tax-free and not treated as income under the Centrelink income test.

How to apply for a lump sum compassionate payment from super?

- 1 Apply directly to the Australian Taxation Office (ATO) through your myGov account via the **myGov** website (www.my.gov.au).
- 2 If eligible, the ATO will issue a 'determination notice' to you and will also provide a copy to your super fund, authorising them to release your super and make a payment to you.

For more information, please refer to the Government's website at treasury.gov.au/coronavirus/households

Minimum pension drawdown reduced

To help you if you're a retiree, the minimum pension payments you are required to withdraw from your account-based pensions or similar product will be reduced by 50% as follows:

Age	Default minimum drawdown rates	Reduced by 50% in 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 and older	14	7

Social security payments and changes

Tax-free lump sum payments

You may be eligible to receive up to two, separate, tax-free \$750 lump sum payments if you receive one or more Centrelink payments or concession cards as shown in the table below.

A single person may receive up to \$1,500 and couples may receive up to \$3,000 from the first and second payments.

You do not need to apply for these payments, Centrelink will automatically allocate this to you depending on your eligibility.

Eligible for up to 2 x \$750 lump sums	If you receive one of the payments below you are likely to receive the first lump sum and receive the Coronavirus Supplement rather than the second lump sum
• Age pension • Disability support pension • Carer Payment • Widow B Pension • ABSTUDY (Living Allowance) • Austudy • Bereavement Allowance • Newstart Allowance • Family Tax Benefit (includes Double Orphan Pension) • Carer Allowance • Pensioner Concession Card holders • Commonwealth Seniors Health Card holders • Veterans Service Pension; Veteran Income Support Supplement • Veteran Compensation Payments (includes lump sum payments) • War Widow pension, and Veteran Payment • DVA PCC holders • Disability Pensioners at the temporary special rate • DVA income support pensioners at \$0 rate • DVA Gold Card holders	• Parenting Payment • Wife Pension • Jobseeker Payment • Youth Allowance Jobseeker • Partner Allowance • Sickness Allowance • Special Benefit • Widow Allowance • Farm Household Allowance

Note: The payments will not be treated as income for Social Security, DVA and Farm Household Allowance purposes.

Jobseeker Coronavirus Supplement

From 27 April 2020, if you are eligible (see column two in the table above) you will be **automatically** paid the Coronavirus Supplement. The Coronavirus Supplement is a \$550 fortnightly payment for six months.

Other income support during the six-month period:

- Waiving the asset test for Jobseeker Payment, Youth Allowance Jobseeker, and Parenting Payment.
- The income test will continue to apply to the other payments you receive.
- The one-week ordinary waiting period, liquid assets waiting period, seasonal work preclusion period and newly arrived residents waiting period will not apply during this period. These waiting periods will also be waived if you are currently within these waiting periods.
- Income maintenance periods and compensation preclusion periods will continue to apply as payments received by an individual are treated as income.

If you wish to make an application please go online to your myGov account or phone Centrelink (please note waiting periods are currently high).

Reduced deeming rates

From 1 May 2020, the upper deeming rate for income in excess of the income threshold will reduce from 3% to 2.25%, and the lower deeming rate from 1% to 0.25%.

Deeming rate (1 May 2020)	Single	Pensioner couple (combined)
0.25%	First \$51,800 (\$129.50)	First \$86,200 (\$215.50)
2.25%	On amounts exceeding \$51,800	On amounts exceeding \$86,200

These reductions reflect the low interest rate environment and its impact on the income from savings. Also, people who are currently receiving part pensions and less than the full rate of income support may receive increased entitlements.

Tax benefits for small businesses

Increasing the instant asset write-off threshold for small businesses

From 23 March 2020 until 30 June 2020, if you own a small business with aggregated annual turnover of less than \$500 million (increased from \$50 million) you may be eligible for an instant asset write-off on assets of up to the value of \$150,000 (from \$30,000).

From 1 July 2020, this threshold reduces to \$1,000 (for businesses with less than \$10 million turnover).

The measure applies to new or second-hand assets first used, or installed ready for use, between 12 March 2020 until 30 June 2020 (inclusive). Certain assets are excluded, for example, horticultural plants and capital works deductions.

The threshold applies on a per asset basis, so eligible businesses can immediately write-off multiple assets.

This initiative will mean an additional 5,300 businesses who employ around 1.9 million Australians will be able to access this concession for the first time.

ATO relief for tax obligations

The ATO will provide relief for certain tax obligations for taxpayers impacted by the Coronavirus outbreak on a case-by-case basis. Please see your accountant for more information.

Temporary relief for financially distressed businesses

For owners or directors of a business who are currently struggling due to the Coronavirus, the ATO will tailor solutions for their circumstances, including temporary reduction of payments or deferrals, or withholding enforcement actions including Director Penalty Notices and wind-ups.

Other initiatives

JobKeeper initiative

On 30 March 2020, the Federal Government announced the introduction of the JobKeeper Payment. The payment is a wage subsidy paid by the Government to businesses significantly impacted by the Coronavirus.

This will allow employers to continue paying their employees whether they are able to work or not. The Government will provide \$1,500 per fortnight (pf) per employee for up to six months to eligible businesses. The business must pass on the payment to eligible employees.

The first payments will be paid to eligible businesses in the first week of May. If you are self-employed, you may also be eligible for the payments.

Early Childhood Education and Care Relief Package

Eligible early childhood education and care services will be free for a three-month period and will then be reviewed. Key points of the package and other recent changes to childcare include:

- From 6 April 2020, weekly payments will be made directly to early childhood education and care services in lieu of the Child Care Subsidy and the Additional Child Care Subsidy.
- An additional absence day reason will be created where a child self-isolates on the advice of a health authority up to 6 April 2020. Also, there will be an increase in allowable absence days from 42 to 62 days before full fees apply.

If you unenrolled your child after 17 February 2020 you may want to contact your care facility and re-start your child's enrolment.

Boosting cash flow for employers

If you own an eligible small or medium business, the Government has announced a maximum payment of \$100,000 and a minimum payment of \$20,000, to help with cash flow in order to keep operating, pay bills and retain employees. Not-for-profit organisations and charities are also included.

The ATO will pay this as an automatic credit to the business upon lodgement of your business activity statement. If this means you are eligible for a tax refund, the ATO will pay the refund within 14 days. You don't need to fill out any new forms and the payments are tax free.

Supporting apprentices and trainees

From 1 January 2020 to 30 September 2020, if you are an eligible employer you can apply for a wage subsidy of 50% of the apprentice's or trainee's wage paid during the nine 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. Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter).

You can register for the subsidy from early April 2020. Final claims for payment must be lodged by 31 December 2020.

ATO update

Deductions for expenses related to working from home

If you are working from home and incur expenses that are not reimbursed by your employer you may be able to claim them as a tax deduction. The expenses must be directly related to working from home and you need to keep a record of your working from home hours and your expenses.

There are three ways you can choose to calculate additional running expenses:

- **Shortcut method** – A deduction of \$0.80 for each hour worked from home is allowed if you incur additional deductible running expenses as a result of working from home.
- **Fixed rate method** – allows:
 - a rate of \$0.52 per hour for the cost of utilities, cleaning and depreciation of office furniture
 - work-related phone and internet expenses, computer consumables and stationary
 - work-related depreciation of a computer, laptop or similar device.
- **Actual cost method** – claim the actual work-related portion of all running expenses, calculated on a reasonable basis.

For more details, please refer to the ATO website:

Employees working from home.

We're here for you

We believe these initiatives are well-considered by the Government and are for the wellbeing of all Australians and the Australian economy. If you are or your business is struggling during this unprecedented time or you have any questions, please contact us.

For more information, please refer to the Government's website at treasury.gov.au/coronavirus/households



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