



IOOF

Federal Government stimulus package announced

The Government has announced several stimulus measures in response to the economic impact of the Coronavirus. The measures will affect super, tax and social security.

Parliament passed the stimulus measures on 23 March 2020, and Royal Assent was granted on 24 March 2020.

We will continue to monitor the stimulus package and provide relevant updates as more information becomes available. If you have any questions please contact your **Workplace Solutions Manager**.

Super measures

Access to lump sums from super on compassionate grounds

Eligible members who are financially impacted by the Coronavirus situation may access up to \$10,000 of their super before 1 July 2020. A further \$10,000 can be accessed from 1 July 2020 for a limited time.

To be eligible to access lump sums from super, a member must be:

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

A member may also be eligible if, on or after 1 January 2020, they:

- were made redundant
- had their working hours reduced by 20% or more
- are a sole trader and had their business suspended or there was 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 a member should apply for a lump sum compassionate payment from super from IOOF

- 1 The member should check their IOOF Employer Super contact and bank account details are current, they can do this either online or by telephone.
- 2 The member applies for the lump sum through the Australian Taxation Office (ATO) through the **myGov website**.
- 3 If eligible, the ATO will issue a determination to the member and will also provide a copy to IOOF Employer Super.
- 4 IOOF Employer Super pays the lump sum to the member's bank account. There is no need for the member to apply to IOOF Employer Super.

Tax measures for business

Increasing the instant asset write-off

Until 30 June 2020, the instant asset write-off threshold is set to increase from \$30,000 to \$150,000 until 30 June 2020.

Eligibility criteria to receive the instant asset write-off:

- Must be a small business with aggregated annual turnover of less than \$500 million (increased from \$50 million).
- The eligible asset must not exceed a value of \$150,000.

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 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.

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.

Boosting cash flow for employers

The Government has announced a maximum payment of \$100,000 and a minimum payment of \$20,000 to eligible small and medium businesses, not-for-profits and charities, to help with cash flow to keep operating, pay their bills and retain employees.

The ATO will pay this as an automatic credit to the business upon lodgement of their business activity statement. If eligible for a tax refund, the ATO will pay the refund within 14 days. The business does not need to fill out any new forms and the payments are tax-free.

Eligibility criteria to receive small and medium business payments to help with cashflow.

To be eligible the business must:

- be a small to medium businesses which held an Australian Business Number (ABN) on 12 March 2020 and carried on a business in the 2018/19 financial year (or made supplies for consideration in the course of an enterprise carried on after 1 July 2018 and before 12 March 2020) and has not engaged in a scheme for the sole or dominant purpose of seeking to gain or increase entitlement to the first cash flow boost
- be a not-for-profit organisation and/or charity registered at any time, and
 - have an aggregated annual turnover under \$50 million, based on the prior year's turnover
 - make a payment of salary or wages that is subject to PAYG withholding obligations, whether or not any amount is actually withheld, in the relevant period.

The payments will be delivered in two tranches:

1 First cash flow boost

Payments equal to 100% of tax withheld from salary and wages up to a maximum total payment of \$50,000. Eligible employers will receive a minimum total payment of \$10,000, even if they are not required to withhold tax.

2 Second cash flow boost

Additional payments to be introduced in the July to October 2020 period, equal to the total of all first cash flow boost payments received. The maximum total payment is \$50,000 and the minimum total payment is \$10,000.

Delivery of payments

The ATO will deliver payments as automatic credits to the entity upon lodgement of their business activity statement. If this places the entity in a refund position, the ATO will deliver the refund within 14 days. No new forms are required.

Payments are tax-free to the employer.

What is the impact of the measure?

Eligible small and medium businesses, not-for-profits and charities, which employ staff and withhold tax from their wages can plan to receive cash refunds of 100% of the tax withheld up to \$50,000 (or a minimum of \$10,000) until July 2020 and up to \$50,000 (or a minimum of \$10,000) from July to October 2020. Eligible employers should ensure they lodge their business activity statements (BAS) on time as payments are delivered as a cash refund within 14 days of the lodgement date.

Support for apprentices and trainees

Eligible employers 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).

Support will also be provided to the National Apprentice Employment Network, the peak national body representing Group Training Organisations, to co-ordinate the re-employment of displaced apprentices and trainees throughout their network of host employers across Australia

Eligibility criteria for the wage subsidy:

- Employ fewer than 20 full-time employees who retain an apprentice or trainee.
- The apprentice or trainee must have been in training with a small business as at 1 March 2020.
- Employers of any size, as well as Group Training Organisations, that re-engage an eligible out-of-trade apprentice or trainee will be eligible for the subsidy.
- 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.

Temporary relief for financially distressed businesses

The following relief measures will be implemented for eligible businesses for six months.

- An increase in the threshold (from \$2,000 to \$20,000) at which creditors can issue a statutory demand on a company and the time (from 21 days to six months) that companies must respond to statutory demands they receive.
- An increase in the threshold for a creditor to initiate bankruptcy proceedings (from \$5,000 to \$20,000), an increase in the time period (from 21 days to six months) for debtors to respond to a bankruptcy notice, and an extension to the period of protection (from 21 days to six months) a debtor receives after making a 'declaration of intention' to present a debtor's petition (this is the period during which unsecured creditors cannot take further action to recover debts).

- Relief for directors from any personal liability for trading while insolvent with respect to any debts incurred in the ordinary course of the company's business.
- Owing to the health measures implemented, it may be difficult for businesses to meet all their obligations under the *Corporations Act 2001*. The Treasurer will be granted the power to provide targeted relief for companies from provisions of the *Corporations Act 2001* to deal with unforeseen events that arise as a result of the Coronavirus health crisis. Any instrument made under this power will apply for up to six months from the date it is made.

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

Need more information?

If you need any assistance, or have any questions, please contact your [Workplace Solutions Manager](#).