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An update to the Federal Government Stimulus Packages

Treasury fact sheets as at 1 April 2020

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Supporting businesses to retain jobs

The Government is introducing a subsidy program to support employees and businesses. The *JobKeeper Payment* is designed to help businesses affected by the Coronavirus to cover the costs of their employees' wages, so that more employees can retain their job and continue to earn an income.

Keeping Australians in work and businesses in business will lay the foundations for a stronger economic recovery once the Coronavirus crisis passes.

JOBKEEPER PAYMENT

Summary

The economic impacts of the Coronavirus pose significant challenges for many businesses – many of which are struggling to retain their employees.

Under the JobKeeper Payment, businesses significantly impacted by the Coronavirus outbreak will be able to access a subsidy from the Government to continue paying their employees. This assistance will help businesses to keep people in their jobs and re-start when the crisis is over. For employees, this means they can keep their job and earn an income – even if their hours have been cut.

The JobKeeper Payment is a temporary scheme open to businesses impacted by the Coronavirus. The JobKeeper Payment will also be available to the self-employed.

The Government will provide \$1,500 per fortnight per employee for up to 6 months.

The JobKeeper Payment will support employers to maintain their connection to their employees. These connections will enable business to reactivate their operations quickly – without having to rehire staff – when the crisis is over.

Eligibility

Employers (including non-for-profits) will be eligible for the subsidy if:

- their business has a turnover of less than \$1 billion and their turnover has fallen by more than 30 per cent; or
- their business has a turnover of \$1 billion or more and their turnover has fallen by more than 50 per cent; and
- the business is not subject to the Major Bank Levy.

To establish that a business has faced a 30% (or 50%) fall in their turnover, most businesses would be expected to establish that their turnover has fallen in the relevant month or three months (depending on the natural activity statement reporting period of that business) relative to their turnover a year earlier. Where a business was not in operation a year earlier, or where their turnover a year earlier was not representative of their usual or average turnover, (e.g. because there was a large interim acquisition, they were newly established or their turnover is typically highly variable), the Tax Commissioner will have discretion to consider additional information that the business can provide to establish that they have been adversely affected by the impacts of the Coronavirus. The Tax Commissioner will also have discretion to set out alternative tests that would establish eligibility in specific circumstances (e.g. eligibility may be established as soon as a business ceases or significantly curtails its operations). There will be some tolerance where employers, in good faith, estimate a greater than 30% (or 50%) fall in turnover but actually experience a slightly smaller fall.

Employers must elect to participate in the scheme. They will need to make an application to the Australian Taxation Office (ATO) and provide supporting information demonstrating a downturn in their business. In addition, employers must report the number of eligible employees employed by the business on a monthly basis.

Eligible employers will receive the payment for each eligible employee that was on their books on 1 March 2020 and continues to be engaged by that employer – including full-time, part-time, long-term casuals and stood down employees. Casual employees eligible for the JobKeeper Payment are those employees who have been with their employer for at least the previous 12 months as at 1 March 2020. To be eligible, an employee must be an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) Visa Holder.

Eligible employers who have stood down their employees before the commencement of this scheme will be able to participate. Employees that are re-engaged by a business that was their employer on 1 March 2020 will also be eligible.

In circumstances where an employee is accessing support through Services Australia because they have been stood down or had their hours reduced and the employer will be eligible for the JobKeeper Payment, the employee should advise Services Australia of their change in circumstances online at my.gov.au or by telephone.

Self-employed individuals will be eligible to receive the JobKeeper Payment where they expect to suffer a 30 per cent decline in turnover relative to a comparable period a year ago (of at least a month).

Where employees have multiple employers – only one employer will be eligible to receive the payment. The employee will need to notify their primary employer to claim the JobKeeper Payment on their behalf. The claiming of the tax free threshold will in most cases be sufficient notification that an employer is the employee's primary employer.

Payment process

Eligible employers will be paid \$1,500 per fortnight per eligible employee. Eligible employees will receive, at a minimum, \$1,500 per fortnight, before tax, and employers are able to top-up the payment.

Where employers participate in the scheme, their employees will receive this payment as follows.

- If an employee ordinarily receives \$1,500 or more in income per fortnight before tax, they will continue to receive their regular income according to their prevailing workplace arrangements. The JobKeeper Payment will assist their employer to continue operating by subsidising all or part of the income of their employee(s).
- If an employee ordinarily receives less than \$1,500 in income per fortnight before tax, their employer must pay their employee, at a minimum, \$1,500 per fortnight, before tax.
- If an employee has been stood down, their employer must pay their employee, at a minimum, \$1,500 per fortnight, before tax.
- If an employee was employed on 1 March 2020, subsequently ceased employment with their employer, and then has been re-engaged by the same eligible employer, the employee will receive, at a minimum, \$1,500 per fortnight, before tax.

It will be up to the employer if they want to pay superannuation on any additional wage paid because of the JobKeeper Payment.

Payments will be made to the employer monthly in arrears by the ATO.

Timing

The subsidy will start on 30 March 2020, with the first payments to be received by employers in the first week of May. Businesses will be able to register their interest in participating in the Payment from 30 March 2020 on the [ATO website](#).

Budget impact

This measure is expected to cost \$130 billion across 2019-20 and 2020-21.

Self-employed

Melissa is a sole trader running a florist. She does not have employees. Melissa's business has been in operation for several years. The economic downturn due to the Coronavirus has adversely affected Melissa's business, and she expects that her business turnover will fall by more than 30 per cent compared to a typical month in 2019.

Melissa will be able to apply for the JobKeeper Payment and would receive \$1,500 per fortnight before tax, paid on a monthly basis.

Worker with multiple jobs

Michelle currently works two permanent part-time jobs, at an art gallery during weekdays, and at the local café on the weekend. Due to the impact of the Coronavirus, the gallery has closed and Michelle has been stood down without pay under the Fair Work Act. Michelle continues to work at the café delivering take-away orders.

Michelle can only receive the JobKeeper Payment once, from the employer from whom she nominates as her primary employer. As Michelle only claims the tax free threshold from her job at the art gallery, this will be treated as her nomination of the art gallery as her primary employer.

The art gallery is eligible for the JobKeeper Payment. The art gallery will pass the JobKeeper Payment on to Michelle, so she will receive \$1,500 per fortnight before tax. During the application process, the art gallery will notify the ATO that Michelle receives the payment from them. The art gallery is also required to advise Michelle that she has been nominated to the ATO as an eligible employee to receive the payment.

The café is not eligible to receive the JobKeeper Payment for Michelle. The income that Michelle receives from her job at the café does not change her entitlement to the JobKeeper Payment she receives from the art gallery.

Employee made redundant after 1 March

Miles worked as a permanent part-time personal trainer at a gym for six months and was made redundant on 20 March 2020 in response to the Government directive that gyms close. Miles was not entitled to redundancy pay due to his length of service.

In response to the announcement of the JobKeeper Payment, the gym decides they want to re-engage Miles so they are well placed to resume their operations once the Coronavirus restrictions are lifted.

After being made redundant, Miles had registered an intent to claim with Services Australia for access to the JobSeeker Payment and the Coronavirus Supplement. Miles is single, with no children and in total he would be eligible to receive \$1,124.50 before tax per fortnight.

If Miles chooses to be re-hired by the gym, under the JobKeeper Payment he will receive \$1,500 a fortnight before tax while he is stood down. Miles will need to advise Services Australia of his income. He is no longer eligible for the JobSeeker Payment and the Coronavirus Supplement from Services Australia as a result of receiving the JobKeeper Payment.

Employer with 5 employees who all currently get paid more than \$1,500 per fortnight

Sara runs a landscaping company, and employs five full-time gardeners. Sara is paying her employees \$1,700 per fortnight before tax. She expects that her turnover will decline by more than 30 per cent over the coming months and that she will either need to lay staff off, or reduce their wages significantly.

As a result of the JobKeeper Payment, Sara will be able to keep employing every gardener, and only needs to pay the \$200 wage cost per fortnight before tax per employee above the \$1,500 per fortnight (before tax) JobKeeper Payment.



JobKeeper Payment — Information for Employers

OBLIGATIONS ON EMPLOYERS

To receive the JobKeeper Payment, employers must:

- Register an intention to apply on the ATO website and assess that they have or will **experience the required turnover decline**.
- **Provide information to the ATO on eligible employees.** This includes information on the number of eligible employees engaged as at 1 March 2020 and those currently employed by the business (including those stood down or rehired). For most businesses, the ATO will use Single Touch Payroll data to pre-populate the employee details for the business.
- **Ensure that each eligible employee receives at least \$1,500 per fortnight (before tax).** For employees that were already receiving this amount from the employer they will continue to receive their regular income according to their prevailing workplace arrangements. For employees that have been receiving less than this amount, the employer will need to top up the payment to the employee up to \$1,500 per fortnight, before tax. And for those employees earning more than this amount, the employer is able to provide them with a top-up.
- Notify all **eligible employees that they are receiving the JobKeeper Payment.**
- Continue to provide information to the ATO on a monthly basis, including the number of eligible employees employed by the business.

BACKGROUND ON JOBKEEPER PAYMENT

Under the JobKeeper Payment, businesses impacted by the Coronavirus will be able to access a subsidy from the Government to continue paying their employees. Affected employers will be able to claim a fortnightly payment of \$1,500 per eligible employee from 30 March 2020, for a maximum period of 6 months.

Eligible employers

Employers will be eligible for the subsidy if:

- their business has a turnover of less than \$1 billion and their turnover has fallen by more than 30 per cent; or
- their business has a turnover of \$1 billion or more and their turnover has fallen by more than 50 per cent; and
- the business is not subject to the Major Bank Levy.

To establish that a business has faced either a 30 (or 50) per cent fall in their turnover, most businesses would be expected to establish that their turnover has fallen in the relevant month or three months (depending on the natural activity statement reporting period of that business) relative to their turnover a year earlier. Where a business was not in operation a year earlier, or where their turnover a year earlier was not representative of their usual or average turnover, (e.g. because there was a large interim acquisition, they were newly established or their turnover is typically highly variable) the Tax Commissioner will have discretion to consider additional information that the business can provide to establish that they have been significantly affected by the impacts of the Coronavirus. The Tax Commissioner will also have discretion to set out alternative tests that would establish eligibility in specific circumstances (e.g. eligibility may be established as soon as a business has ceased or significantly curtailed its operations). There will be some tolerance where employers, in good faith, estimate a greater than 30 (or 50) per cent fall in turnover but actually experience a slightly smaller fall.

The employer must have been in an employment relationship with eligible employees as at 1 March 2020, and confirm that each eligible employee is currently engaged in order to receive JobKeeper Payments.

Not-for-profit entities (including charities) and self-employed individuals (businesses without employees) that meet the turnover tests that apply for businesses are eligible to apply for JobKeeper Payments.

Eligible employees

Eligible employees are employees who:

- are currently employed by the eligible employer (including those stood down or re-hired);
- were employed by the employer at 1 March 2020;
- are full-time, part-time, or long-term casuals (a casual employed on a regular basis for longer than 12 months as at 1 March 2020);
- are at least 16 years of age;
- are an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) Visa Holder; and
- are not in receipt of a JobKeeper Payment from another employer.

If your employees receive the JobKeeper Payment, this may affect their eligibility for payments from Services Australia as they must report their JobKeeper Payment as income.

APPLICATION PROCESS

Businesses with employees

Initially, employers can register their interest in applying for the JobKeeper Payment via ato.gov.au from 30 March 2020.

Subsequently, eligible employers will be able to apply for the scheme by means of an online application. The first payment will be received by employers from the ATO in the first week of May.

Eligible employers will need to identify eligible employees for JobKeeper Payments and must provide monthly updates to the ATO.

Participating employers will be required to ensure eligible employees will receive, at a minimum, \$1,500 per fortnight, before tax.

It will be up to the employer if they want to pay superannuation on any additional wage paid because of the JobKeeper Payment.

Further details for businesses for employees will be provided on ato.gov.au.

Businesses without employees

Businesses without employees, such as the self-employed, can register their interest in applying for JobKeeper Payment via ato.gov.au from 30 March 2020.

Businesses without employees will need to provide an ABN for their business, nominate an individual to receive the payment and provide that individual's Tax File Number and provide a declaration as to recent business activity.

People who are self-employed will need to provide a monthly update to the ATO to declare their continued eligibility for the payments. Payment will be made monthly to the individual's bank account.

Further details for the self-employed will be provided on ato.gov.au.

Employer with employees on different wages

Adam owns a real estate business with two employees. The business is still operating at this stage but Adam expects that turnover will decline by more than 30 per cent in the coming months. The employees are:

- Anne, who is a permanent full-time employee on a salary of \$3,000 per fortnight before tax and who continues working for the business; and
- Nick, who is a permanent part-time employee on a salary of \$1,000 per fortnight before tax and who continues working for the business.

Adam is eligible to receive the JobKeeper Payment for each employee, which would have the following benefits for the business and its employees:

- The business continues to pay Anne her full-time salary of \$3,000 per fortnight before tax, and the business will receive \$1,500 per fortnight from the JobKeeper Payment to subsidise the cost of Anne's salary and will continue paying the superannuation guarantee on Anne's income;
- The business continues to pay Nick his \$1,000 per fortnight before tax salary and an additional \$500 per fortnight before tax, totalling \$1,500 per fortnight before tax. The business receives \$1,500 per fortnight before tax from the JobKeeper Payment which will subsidise the cost of Nick's salary. The business must continue to pay the superannuation guarantee on the \$1,000 per fortnight of wages that Nick is earning. The business has the option of choosing to pay superannuation on the additional \$500 (before tax) paid to Nick under the JobKeeper Payment.

Adam can register his initial interest in the scheme from 30 March 2020, followed subsequently by an application to ATO with details about his eligible employees. In addition, Adam is required to advise his employees that he has nominated them as eligible employees to receive the payment. Adam will provide information to the ATO on a monthly basis and receive the payment monthly in arrears.

Employer with employees who have been stood down without pay

Zahrah runs a beauty salon in Melbourne. Ordinarily, she employs three permanent part-time beauticians, but the government directive that beauty salons can no longer operate has required her to shut the business. As such she has been forced to stand down her three beauticians without pay.

Zahrah's turnover will decline by more than 30 per cent, so she is eligible to apply for the JobKeeper Payment for each employee, and pass on \$1,500 per fortnight before tax to each of her three beauticians for up to six months. Zahrah will maintain the connection to her employees, and be in a position to quickly resume her operations.

Zahrah is required to advise her employees that she has nominated them as eligible employees to receive the payment. It is up to Zahrah whether she wants to pay superannuation on the additional income paid because of the JobKeeper Payment.

If Zahrah's employees have already started receiving income support payments like the JobSeeker Payment when they receive the JobKeeper Payment, they should advise Services Australia of their change in circumstances online at my.gov.au or by telephone.



JobKeeper Payment — Information for employees

EMPLOYEE OBLIGATIONS

Employees will receive a notification from their employer that they are receiving the JobKeeper Payment. The majority of employees will need to do nothing further.

Employees in the following circumstances will have additional obligations.

- Employees that have multiple employers must notify the employer that is their primary employer.
- Employees that are not Australian citizens must notify their employer of their visa status, to allow their employer to determine if they are an eligible employee.
- Employees that are currently in receipt of, or have applied for, an income support payment should advise Services Australia of their change in circumstances online at my.gov.au or by telephone.

BACKGROUND ON JOBKEEPER PAYMENT FOR EMPLOYEES

Under the JobKeeper Payment, businesses impacted by the Coronavirus will be able to access a wage subsidy from the Government to continue paying their employees. Affected employers will be able to claim a fortnightly payment of \$1,500 per eligible employee from 30 March 2020, for a maximum of 6 months.

Eligible employees will receive a minimum of \$1,500 per fortnight, before tax. It will be up to the employer if they want to pay superannuation on any additional wage paid because of JobKeeper Payments.

Eligible employees include Australian citizens, the holder of a permanent visa, or a Special Category (Subclass 444) Visa Holder.

Full time and part time employees, including stood down employees, would be eligible for the JobKeeper Payment. Where a casual employee has been with their employer for at least the previous 12 months they will also be eligible for the Payment.

Employees will be able to receive this payment in a number of different ways.

- If you ordinarily receive \$1,500 or more in income per fortnight before tax, you will continue to receive your regular income according to the prevailing workplace arrangements. The JobKeeper Payments will subsidise part or all of your income.
- If you ordinarily receive less than \$1,500 in income per fortnight before tax, your employer must pay you, at a minimum, \$1,500 per fortnight, before tax.
- If you have been stood down, your employer must pay you, at a minimum, \$1,500 per fortnight, before tax.
- If you were employed on 1 March 2020, subsequently ceased employment and then were re-engaged by the same eligible employer, you will receive, at a minimum, \$1,500 per fortnight, before tax.

Employee who has been stood down and applied for income support

Phoebe works at a cinema as a permanent full-time employee, but she has been stood down under the Fair Work Act without pay. Phoebe had registered an intent to claim with Services Australia for access to the JobSeeker Payment and the Coronavirus Supplement. Phoebe is single, with no children and in total she would be eligible to receive \$1,124.50 before tax per fortnight from Services Australia.

Phoebe's employer has decided to apply for the JobKeeper Payment for all its eligible employees for up to six months. This would entitle Phoebe to \$1,500 per fortnight before tax. Phoebe's employer is required to advise her that she has been nominated as an eligible employee to receive the payment.

If Phoebe elects to receive income support through Services Australia, she should advise Services Australia of the change in her circumstances. Phoebe may no longer be eligible for income support from Services Australia as a result of receiving the JobKeeper Payment.



Economic Response to the Coronavirus

The Government is acting decisively in the national interest to support households and businesses and address the significant economic consequences of the Coronavirus.

While the full economic effects from the virus remain uncertain, the outlook has deteriorated since the Government's initial Economic Response announced on 12 March 2020.

The spread of the virus worldwide has broadened and is expected to be more prolonged. Governments, both international and domestic, have announced stricter mitigation measures to slow the spread of the virus, which are having significant economic impacts.

Today we announce a second set of economic responses which, combined with our previous actions, total \$189 billion across the forward estimates, representing 9.7 per cent of annual GDP.

These actions provide timely support to affected workers, businesses and the broader community.

HOW THE CORONAVIRUS WILL AFFECT THE GLOBAL AND AUSTRALIAN ECONOMIES

The outbreak of the virus has expanded and is a rapidly evolving challenge with significant health impacts. While the outbreak originated in China, significant outbreaks have occurred in Italy and Iran, as well as elsewhere in Europe and the United States. There are more than 170 countries reporting infections.

Our health system is well prepared to manage this outbreak. We have a world-class health system which has pandemic plans that are currently activated. The Government has put in place strong measures to protect Australians, including activating the National Incident Room, releasing masks from the National Medical Stockpile, enhancing border controls and imposing strict travel restrictions, and promoting social distancing to limit the spread. The Government will continue to respond as the situation develops.

The Government's commitment on 12 March of an additional \$2.4 billion to manage the outbreak in Australia will strengthen our health system to manage the Coronavirus in the community and protect vulnerable Australians. In addition, the Australian Government has agreed with the States and the Territories to share the public health costs incurred by the States in treating the Coronavirus.

In relation to aged care, temporary measures will be introduced to support the aged care sector with an additional \$444.6 million. This includes funding for a retention bonus to ensure the continuity of the workforce in both residential and home care as well as funding to support the viability of residential aged care facilities. This is in addition to more than \$100 million that the Government previously announced to support the aged care workforce.

The Coronavirus outbreak not only affects people's health. The virus, along with the increasing health measures to slow its spread, will have significant economic implications.

The international economic outlook has worsened as the Coronavirus has spread.

While the initial economic impact of the outbreak was most significantly felt in the Chinese economy, this has quickly evolved to other countries and regions. Major economies including Italy and Spain have

announced they are in “lockdown” to contain the Coronavirus, which is expected to hinder economic activity over coming months.

In China, a range of economic indicators are showing that the Chinese economy has been severely impacted. A survey measure of activity in the manufacturing sector had its largest fall in its history in February. China also had record falls for industrial production, retail sales and fixed asset investment over January and February. Trade for this period was also significantly affected.

Given China’s interconnectedness with the world, and its key role in supply chains, this decline will have flow-on economic impacts for the world. But concerns about flow-on effects have been magnified as more countries take direct action to slow the Coronavirus spread. In particular, across the world we have seen a substantial increase in the breadth and severity of restrictions on the movement of people. And this is showing up in confidence indicators in Europe, the United States and Asia.

The global nature of the shock is evident in financial markets. Stock markets have fallen substantially around the world in recent weeks, while corporate bond spreads have widened. The Australian dollar is 13 per cent lower on a trade-weighted basis than it was in early January.

While markets initially incorporated sharp downward revisions to the economic outlook in an orderly way with few signs of dislocation, more recently we have seen significant financial market strains. Financial authorities around the world have responded with a range of measures to support market functioning and economic activity.

Oil prices have continued to fall, and are now around 60 per cent lower than prices in early January, reflecting falling global demand and the collapse of an agreement between major producers to reduce output. While oil-linked LNG export prices will be negatively affected by these falls, consumers will benefit from lower petrol and gas prices.

In contrast, prices of key bulk commodities have remained resilient to date. This is likely due to an expectation that the Chinese authorities will move to boost domestic demand through ongoing measures, including increased investment in infrastructure.

In response to the Coronavirus outbreak, fiscal authorities in numerous countries have announced measures to support their health systems and their economies. Governments are supporting the sectors and workers most affected by the outbreak, and we are continuing to see the announcement of policies to help households and businesses cope as unprecedented shut-downs occur. Such policies have included loan arrangements, tax deferrals and relief, cash payments and income support. Monetary policy is also responding with more than 54 central banks across the world easing policy in 2020 so far.

Australia’s position heading into this crisis is stronger than many, with both the IMF and the OECD having forecast Australia to grow faster than comparable economies, including the UK, Canada, Japan, Germany and France.

Australian governments continue to act quickly and decisively to adjust our health measures to the scale of the threat. This scaling up of measures to protect the health of our community will have negative effects on the economy. Demand for goods and services will be lowered, and this will be concentrated in some industries such as tourism, hospitality and retail trade. Some businesses will be unable to operate in the usual way owing to restrictions on large gatherings, or may face labour or supply chain challenges.

There remains considerable uncertainty around the economic implications of the Coronavirus for the June quarter and beyond, but the economic shock will be significant. There are a wide range of potential paths for the spread and containment of the virus globally and in Australia. In addition, there is uncertainty around the impact on confidence, people’s ability to work and business cash flow. The global spread of the Coronavirus and its global economic impact will also flow through to demand for Australia’s exports and the availability of inputs into domestic production and imported consumption goods.

There are automatic mechanisms that will help to support activity. The flexible exchange rate helps to mitigate the effect of shocks to global demand, we have a sound and well-capitalised banking sector and our labour market has shown that it can flexibly respond — with firms adjusting more through hours, than the number of employees.

HOW THE GOVERNMENT IS RESPONDING

The Government's consolidated package of \$189 billion represents fiscal and balance sheet support across the forward estimates of 9.7 per cent of annual GDP. The support is designed to help businesses and households through the period ahead. This significant action has been taken in the national interest and has been updated in the light of the broader and more prolonged impact of the Coronavirus outbreak.

The package provides timely support to workers, households and businesses through a difficult time. Building on the previous measures, this package will support those most severely affected. It is also designed to position the Australian economy to recover strongly once the health challenge has been overcome.

The IMF and OECD have indicated that Australia is one of the advanced economies in the best positions to provide fiscal support without endangering debt sustainability.

SUMMARY OF THE ECONOMIC RESPONSE

The Government's economic response will support households and business through the period ahead. It is designed to support businesses in managing short-term cash flow challenges, provide support to individuals, severely affected communities and regions, and to ensure the continued flow of credit in the Australian economy.

1. Support for individuals and households

The Government will provide significant payments to assist lower-income Australians, including pensioners, other social security and veteran income support recipients and eligible concession card holders.

Income support for individuals

Over the next six months, the Government is temporarily expanding eligibility to income support payments and establishing a new, time-limited Coronavirus supplement to be paid at a rate of \$550 per fortnight. This will be paid to both existing and new recipients of Jobseeker Payment, Youth Allowance Jobseeker, Parenting Payment, Farm Household Allowance and Special Benefit.

Payments to support households

The Government is providing two separate \$750 payments to social security, veteran and other income support recipients and eligible concession card holders. The first payment will be made from 31 March 2020 and the second payment will be made from 13 July 2020. Around half of those that benefit are pensioners. These payments will help to support confidence and domestic demand in the economy. The second payment will not be made to those eligible for the Coronavirus supplement.

Recognising that many Australians have saved over their lives to support themselves in retirement, the Government is implementing two measures to support retirees in managing the impact of recent volatility in financial markets and the impact of low interest rates on their retirement savings.

Temporary early release of superannuation

The Government is allowing individuals affected by the Coronavirus to access up to \$10,000 of their superannuation in 2019-20 and a further \$10,000 in 2020-21. Individuals will not need to pay tax on amounts released and the money they withdraw will not affect Centrelink or Veterans' Affairs payments.

Temporarily reducing superannuation minimum drawdown rates

The Government is temporarily reducing superannuation minimum drawdown requirements for account-based pensions and similar products by 50 per cent for 2019-20 and 2020-21. This measure will benefit retirees with account-based pensions and similar products by reducing the need to sell investment assets to fund minimum drawdown requirements.

Reducing social security deeming rates

On 12 March, the Government announced a 0.5 percentage point reduction in both the upper and lower social security deeming rates. The Government will now reduce these rates by another 0.25 percentage points.

As of 1 May 2020, the upper deeming rate will be 2.25 per cent and the lower deeming rate will be 0.25 per cent. The reductions reflect the low interest rate environment and its impact on the income from savings. The change will benefit around 900,000 income support recipients, including around 565,000 Age Pensioners who will, on average receive around \$105 more of the Age Pension in the first full year the reduced rates apply.

2. Support for businesses

Boosting Cash Flow for Employers

The Government is enhancing the *Boosting Cash Flow for Employers* measure it announced on 12 March 2020. The Government is providing up to \$100,000 to eligible small and medium-sized businesses, and not-for-profits (NFPs) that employ people, with a minimum payment of \$20,000. These payments will help businesses and NFPs with their cash flow so they can keep operating, pay their rent, electricity and other bills and retain staff.

Small and medium-sized business entities with aggregated annual turnover under \$50 million and that employ workers are eligible. NFPs, including charities, with aggregated annual turnover under \$50 million and that employ workers will now also be eligible. This will support employment at a time where NFPs are facing increasing demand for services.

Under the enhanced scheme, employers will receive a payment equal to 100 per cent of their salary and wages withheld (up from 50 per cent), with the maximum payment being increased from \$25,000 to \$50,000. In addition, the minimum payment is being increased from \$2,000 to \$10,000.

An additional payment is also being introduced in the July — October 2020 period. Eligible entities will receive an additional payment equal to the total of all of the *Boosting Cash Flow for Employers* payments they have received. This means that eligible entities will receive at least \$20,000 up to a total of \$100,000 under both payments.

Temporary relief for financially distressed businesses

The economic impacts of the Coronavirus and health measures to prevent its spread will see many otherwise profitable and viable businesses temporarily face financial distress. It is important that these businesses have a safety net to make sure that when the crisis has passed they can resume normal business operations. One element of that safety net is to lessen the threat of actions that could unnecessarily push them into insolvency and force the winding up of the business.

The Government is temporarily increasing the threshold at which creditors can issue a statutory demand on a company and to initiate bankrupt proceedings against an individual as well as temporarily increasing the time companies and individuals have to respond to statutory demands they receive. The package also includes temporary relief for directors from any personal liability for trading while insolvent, and providing temporary flexibility in the *Corporations Act 2001* to provide targeted relief from provisions of the Act to deal with unforeseen events that arise as a result of the Coronavirus health crisis.

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

Increasing the instant asset write-off

The Government is increasing the instant asset write-off threshold from \$30,000 to \$150,000 and expanding access to include businesses with aggregated annual turnover of less than \$500 million (up from \$50 million) until 30 June 2020. In 2017-18 there were more than 360,000 businesses that benefited from the current instant asset write-off, claiming deductions to the value of over \$4 billion. This measure will support over 3.5 million businesses (over 99 per cent of businesses) employing more than 9.7 million employees.

Backing business investment

The Government is introducing a time-limited 15 month investment incentive (through to 30 June 2021) to support business investment and economic growth over the short term, by accelerating depreciation deductions. Businesses with a turnover of less than \$500 million will be able to deduct 50 per cent of the cost of an eligible asset on installation, with existing depreciation rules applying to the balance of the asset's cost. This measure will support business investment and is estimated to lower taxes paid by Australian businesses by \$6.7 billion over the next two years. This measure will support over 3.5 million businesses (over 99 per cent of businesses) employing more than 9.7 million employees.

Supporting apprentices and trainees

The Government is supporting small business to retain their apprentices and trainees. Eligible employers can apply for a wage subsidy of 50 per cent of the apprentice's or trainee's wage for 9 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 that employs that apprentice. 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.

This measure will support up to 70,000 small businesses, employing around 117,000 apprentices.

Support for Coronavirus-affected regions and communities

The Government will set aside \$1 billion to support regions most significantly affected by the Coronavirus outbreak. These funds will be available to assist during the outbreak and the recovery. In addition, the Government is assisting our airline industry by providing relief from a number of taxes and Government charges estimated to total up to \$715 million.

3. Supporting the flow of credit

The Government, the Reserve Bank of Australia and the Australian Prudential Regulatory Authority have taken coordinated action to ensure the flow of credit in the Australian economy. Timely access to credit is vital for businesses to manage the impacts of the Coronavirus.

Support for immediate cash flow needs for SMEs

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.

Quick and efficient access to credit for small business

The Government is cutting red tape by providing a temporary exemption from responsible lending obligations for lenders providing credit to existing small business customers. This reform will help small businesses get access to credit quickly and efficiently.

Reserve Bank of Australia — Supporting the flow and reducing the cost of credit

The Reserve Bank of Australia (RBA) announced a package on 19 March 2020 that will put downward pressure on borrowing costs for households and businesses. This will help mitigate the adverse consequences of the Coronavirus on businesses and support their day-to-day trading operations. The RBA is supporting small businesses as a particular priority.

The RBA announced a term funding facility for the banking system. Banks will have access to at least \$90 billion in funding at a fixed interest rate of 0.25 per cent. This will reinforce the benefits of a lower cash rate by reducing funding costs for banks, which in turn will help reduce interest rates for borrowers. To encourage lending to businesses, the facility offers additional low-cost funding to banks if they expand their business lending, with particular incentives applying to new loans to SMEs.

In addition, the RBA announced a further easing in monetary policy by reducing the cash rate to 0.25 per cent. It is also extending and complementing the interest rate cut by taking active steps to target a 0.25 per cent yield on 3-year Australian Government Securities.

Support for Non-ADI and smaller ADI lenders in the securitisation market

The Government is providing the Australian Office of Financial Management (AOFM) with \$15 billion to invest in structured finance markets used by smaller lenders, including non-Authorised Deposit-Taking Institutions (non-ADI) and smaller Authorised Deposit-Taking Institutions (ADI). This support will be provided by making direct investments in primary market securitisations by these lenders and in warehouse facilities.

Australian Prudential Regulatory Authority — Ensuring banks are well placed to lend

The Australian Prudential Regulatory Authority has announced temporary changes to its expectations regarding bank capital ratios. The changes will support banks' lending to customers, particularly if they wish to take advantage of the new facility being offered by the RBA.

PACKAGE IMPLEMENTATION

The Government is moving quickly to implement this package. To that end, a package of Bills is being introduced into Parliament on 23 March 2020 for urgent consideration.

Subject to passage of the Bills through Parliament, the Government will then move to immediately make, and register, supporting instruments.

FOR MORE INFORMATION

For more information on the Australian Government's Economic Response to Coronavirus visit treasury.gov.au/coronavirus.

Timing of Assistance

DATE	SUPPORT
Immediately, with deductions to be included in 2019-20 tax returns	Increased instant asset write off
Immediately	Temporarily reduced minimum drawdown rates for superannuation
Immediately, with deductions to be included in 2019-20 tax returns	Backing business investment — accelerated depreciation
As soon as practicable	Support for Coronavirus-affected regions and communities
From 31 March 2020	First round of \$750 payments to support households
Applications from early-April	Assistance for existing apprentices and trainees
Applications from mid-April 2020	Temporary early release of superannuation
From 27 April 2020	Income support and a Coronavirus supplement
From 28 April 2020	First phase of <i>Boosting Cash Flow for Employers</i>
From 1 May 2020	Increased transfer payments from reduced deeming rates
From 13 July 2020	Second round of \$750 payments to support households
From 21 July 2020	Second phase of <i>Boosting Cash Flow for Employers</i>

Summary: Economic response to the Coronavirus

AIM	WHAT	WHEN	19-20 \$M	20-21 \$M	21-22 \$M	22-23 \$M	23-24 \$M	TOTAL \$M
Support for Individuals and Households	Income support for individuals The Government is temporarily expanding eligibility to income support payments and establishing a new, time-limited Coronavirus supplement to be paid at a rate of \$550 per fortnight. This would be paid to both existing and new recipients of the eligible payment categories.	From 27 April 2020	-5,216	-8,841	-39	-22	-15	-14,133
	Payments to support households Provide two rounds of \$750 payments to those eligible.	First round from 31 March 2020, second round from 13 July 2020	-4,877	-3,917	-34	-2	0	-8,830
	Temporary early release of superannuation Enable individuals and sole traders directly impacted by the economic consequences of the Coronavirus to access up to \$10,000 of their superannuation, tax-free, in 2019-20, and up to a further \$10,000 in 2020-21. No tax will be imposed on withdrawals.	Applications from April 2020	-20	-250	-280	-290	-310	-1,150
	Temporarily reduce superannuation minimum drawdown rates Reduce the superannuation minimum drawdown rates by 50 per cent for the 2019-20 and 2020-21 income year.	Immediately	0	*	*	*	0	*
	Lower the social security deeming rates Lower the social security deeming rates in response to the low interest rate environment.	From 1 May 2020	-35	-203	-208	-212	-218	-876

AIM	WHAT	WHEN	19-20 \$M	20-21 \$M	21-22 \$M	22-23 \$M	23-24 \$M	TOTAL \$M
Support for Businesses	Boosting Cash Flow for Employers Enhance the previously announced Boosting Cash Flow for Employers by extending access to not-for-profits, including charities; increasing the maximum total payments to \$100,000; increasing the rate of the payment, increasing minimum total payments to \$20,000.	Payments from 28 April 2020, additional payments from 21 July 2020	-14,900	-17,000	0	0	0	-31,900
	Temporary relief for financially distressed businesses Help businesses get through a temporary period of insolvency, by temporarily providing higher thresholds and more time to respond to demands from creditors and providing temporary relief from directors' personal insolvent trading liability		0	0	0	0	0	Nil
	Increasing the instant asset write-off Lifting the threshold to \$150,000 (from \$30,000) — and making more businesses eligible to use it up to a turnover of \$500 million.	Immediately, with deductions to be included in 2019-20 tax returns	0	-2,300	-200	1,400	400	-700
	Backing business investment Offering businesses a time-limited incentive to invest, by accelerating depreciation deductions.	Immediately, with deductions to be included in 2019-20 tax returns	0	-1,500	-5,200	200	3,300	-3,200
	Supporting apprentices and trainees Wage assistance to help small businesses to keep their apprentices and trainees.	Applications open from early April	-192	-1,072	0	0	0	-1,265
	Support for Coronavirus affected regions and communities Financial support to help regions and communities most affected by the Coronavirus to recover.	As soon as practicable	-100	-900	0	0	0	-1,000
	Support for Australian airlines and airports Provide initial support to our airline industry through up to \$715 million of relief from a range of taxes and Government charges.	1 February 2020 to 30 September 2020	-437	-278	0	0	0	-715
TOTAL COMMONWEALTH SUPPORT			-25,777	-36,262	-5,961	1,075	3,157	-63,769

AIM	WHAT	WHEN	19-20 \$M	20-21 \$M	21-22 \$M	22-23 \$M	23-24 \$M	TOTAL \$M
Supporting the Flow of Credit	Government support for immediate cash flow needs of SMEs Establish a loan guarantee arrangement between the Government and participating banks to cover the immediate cash flow needs of SMEs.	Commence by early April 2020 and be available for new loans until 30 September 2020						Up to 20,000
	Australian Office of Financial Management Support Provided the Australian Office of Financial Management with an investment capacity of \$15 billion to invest in structured finance markets used by smaller lenders							Up to 15,000
	Reserve Bank of Australia Support A package of RBA measures to support the Australian economy.							Up to 90,000
TOTAL FISCAL AND BALANCE SHEET SUPPORT								188,769



Cash flow assistance for businesses

This assistance will support businesses to manage cashflow challenges and help businesses retain their employees. These two measures are designed to support employing small and medium sized businesses and to improve business confidence. The *Boosting Cash Flow for Employers* measure also supports the activities of not-for-profits (including charities) at a time when they are facing increased demand for services.

The wage subsidy for apprentices and trainees will help to ensure the continued development of the skilled workforce.

BOOSTING CASH FLOW FOR EMPLOYERS

Summary

The Government is providing temporary cash flow support to small and medium businesses and not-for-profit organisations that employ staff during the economic downturn associated with COVID-19 (novel coronavirus). This will be done through two sets of cash flow boosts delivered from 28 April 2020 to support employers to retain employees.

The Government will provide tax-free cash flow boosts of between \$20,000 and \$100,000 to eligible businesses, delivered through credits in the activity statement system, when eligible businesses lodge their activity statements.

Eligible businesses do not need to apply with a separate form. Upon lodgment of their activity statement, the first amount will automatically be credited to the business' account, but no earlier than 28 April 2020. A business that lodges early will not receive the cash flow boost before this date.

Eligible businesses, including not-for-profit organisations, must have held an Australian Business Number on 12 March 2020 and lodge their activity statement to receive the credit. Charities registered with the Australian Charities and Not-for-profits Commission are eligible, regardless of when they were registered, if they meet the other eligibility requirements.

Eligibility — *Boosting Cash Flow for Employers* payments

Businesses will be eligible to receive the cash flow boost provided they are a small or medium business entity, including not-for-profit organisations, sole traders, partnerships, companies or trusts, that:

- held an ABN on 12 March 2020 and continues to be active;
- has an aggregated annual turnover under \$50 million (generally based on prior year turnover); and
- made eligible payments that the business is required to withhold from (even if the amount required to be withheld is zero).

Eligible payments include:

- salary and wages
- director fees
- eligible retirement or termination payments
- compensation payments
- voluntary withholding from payments to contractors.

In addition, the business must also have either:

- derived business income in the 2018–19 income year and lodged its 2019 tax return on or before 12 March 2020; or
- made GST taxable, GST-free or input-taxed sales in a previous tax period (since 1 July 2018) and lodged the relevant activity statement on or before 12 March 2020.

The most recent income tax assessment for a prior year will generally determine whether a business is a small or medium business entity. However, in the absence of any income tax assessments for prior years, businesses may still be eligible if the Australian Taxation Office (ATO) can use other information it holds on the business to determine that it is a business and would have an aggregated annual turnover under \$50 million.

The ATO may also give a business further time to provide notice that business income or supplies were made. This will generally be the case where the business has a lodgment deferral in place. If the business did not have a lodgment deferral in place, it will not become eligible if the business lodges or amends returns for those periods now.

Eligibility — *Not for profit organisations including charities*

To be eligible, not-for-profit organisations (excluding charities) must have:

- held an active ABN on 12 March 2020;
- have an aggregate annual turnover of less than \$50 million; and
- made payments to employees.

Charities registered with the Australian Charities and Not-for-profits Commission are eligible, regardless of when they were registered, if they meet the other eligibility requirements.

Aggregated annual turnover in the most recent previous year's tax return will be used to determine eligibility.

If a not-for-profit organisation or charity is not required to lodge a tax return, they may still be eligible if the ATO can use other information it holds to determine that their aggregated annual turnover is under \$50 million.

Eligibility — *Additional payment*

All eligible entities that received initial cash flow boosts may be entitled to additional cash flow boosts.

Timing — *Initial cash flow boost*

The initial cash flow boosts will be delivered as credits in the activity statement system from 28 April 2020. If a business lodges early, it will not receive the cash flow boost before this date.

If the business lodges:

- quarterly, it will be eligible to receive the credit for:
 - quarter 3, March 2020 (lodgment due date 28 April 2020)
 - quarter 4, June 2020 (lodgment due date 28 July 2020).
- monthly, it will be eligible to receive the credit for the lodgment periods of:
 - March 2020 (lodgment due date 21 April 2020)
 - April 2020 (lodgment due date 21 May 2020)
 - May 2020 (lodgment due date 21 June 2020)
 - June 2020 (lodgment due date 21 July 2020).

Lodgment deferrals

As the cash flow boost is generated on lodgment of an eligible activity statement, if a lodgment deferral has been granted by the ATO, the cash flow boost will generally be made at the time of the deferred lodgment. This ensures that eligible entities that have received deferrals, for example, due to recent natural disasters, do not miss out on the payment or have to forgo their extended time to lodge to qualify.

However, businesses may choose to lodge before the deferred due date (but only on or after 28 April 2020) in order to access the cash flow boost earlier, for example, if the business is expecting GST refunds.

To be entitled to the cash flow boost, eligible entities need to lodge the relevant activity statements within two years of when the activity statements were due to be lodged. This ensures that the Boosting Cash Flow for Employers measure is targeted at helping employers during the period affected by COVID-19.

Timing — Additional payment

Eligible entities who received initial cash flow boosts will receive additional cash flow boosts, for the periods June to September 2020, equal to the total amount of initial cash flow boosts received. This will be delivered in either two or four instalments depending on the reporting period.

Calculating the cash flow boost — initial cash flow boost

The initial cash flow boost is based on the amount of a business' PAYG withholding.

Eligible businesses that withhold tax on their employees' salary and wages will receive a credit equal to 100% of the amount withheld, up to a maximum of \$50,000. The minimum credit will be \$10,000, even if the amount required to be withheld is zero. However, businesses will not be eligible to receive any more cash flow boosts until their PAYG withholding exceeds \$10,000 over the relevant periods

Monthly lodgers will receive a credit that is calculated at three times the rate (300 per cent) in the March 2020 activity statement to align with quarterly lodgers.

The total of all initial cash flow boosts across all of the relevant periods cannot exceed the maximum limit of \$50,000.

Budget impact

This measure is estimated to cost \$31.9 billion over the forward estimates period.

Sarah's Construction Business — Total cash flow boosts reaches maximum limit of \$50,000

Sarah owns and runs a building business in South Australia and employs 8 construction workers on average full-time weekly earnings who each earn \$89,730 per year. In the months of March, April, May and June for the 2019–20 income year, Sarah reports withholding of \$15,008 for her employees on each activity statement.

For March 2020, Sarah's initial cash flow boost is three times her withholding. This equates to \$45,024 ($\$15,008 \times 3$). As this amount is greater than \$10,000, Sarah will receive a cash flow boost of \$45,024.

For April 2020, Sarah's withholding is \$15,008, however there is only \$4,976 of initial cash flow boosts remaining before she reaches the \$50,000 limit. She will receive a further initial cash flow boost of \$4,976.

Sarah will not receive any further initial cash flow boosts after she has reached the \$50,000 limit.

Tim's Courier Run — PAYG Withholding is less than \$10,000 in first period

Tim owns and runs a small paper delivery business in Melbourne, and employs two casual employees who each earn \$10,000 per year. In the March 2020 quarterly activity statement, Tim reports withholding of \$0 for his employees as they are under the tax-free threshold.

The March 2020 quarter is the first period Tim is eligible for an initial cash flow boost. His withholding of \$0 is less than \$10,000 so Tim's initial cash flow boost will be the minimum amount \$10,000.

Tim will not receive any further initial cash flow boosts unless his withholding in the June 2020 quarter is greater than \$10,000.

Calculating the cash flow boost — additional cash flow boost

The amount of additional cash flow boosts that a business is entitled to is based on the value of initial cash flow boosts the business received.

If the business lodges quarterly business activity statements it will receive 50% of its total initial cash flow boosts for each activity statement.

If the business lodges monthly business activity statements it will receive 25% of its total initial cash flow boosts for each activity statement.

Sarah's Construction Business — monthly activity statement

Sarah received the maximum initial cash flow boosts of \$50,000. When Sarah lodges her June to September 2020 business activity statements she will receive additional cash flow boots as follows:

- June 2020, \$12,500
- July 2020, \$12,500
- August 2020, \$12,500
- September 2020, \$12,500.

Tim's Courier Run — quarterly activity statement

Tim received initial cash flow boosts of \$10,000. When Tim lodges his June and September 2020 quarterly business activity statements he will receive additional cash flow boosts as follows:

- \$5,000 for quarter ended June 2020
- \$5,000 for quarter ended September 2020.

Accessing the cash flow boost

Businesses do not need to apply for the cash flow boosts. The cash flow boosts will be automatically applied to the accounts of eligible businesses when they lodge their activity statement for the relevant periods.

To access the cash flow boost, businesses must lodge their activity statement. If a business does not need to lodge an activity statement in respect of PAYG withholding, the ATO is working through a solution and will update their website with more information on what businesses need to do.

The cash flow boosts will be applied to reduce liabilities arising from the same activity statement. This will result in eligible entities being required to pay less to the ATO.

Generally where a credit exceeds a business' other tax liabilities, the business will be refunded the excess amount.

A business may also receive a refund if it overpays its activity statement because the business' system was unable to take the cash flow boost into consideration when working out how much was payable.

If a business is placed in a refund position, it will generally receive the refund within 14 days.

Example — overpaying activity statement

A business' software calculates that its liability for the quarterly March 2020 activity statement is \$12,500 (without taking into account any initial cash flow boost it may be entitled to), which the business pays immediately. The ATO calculates that the business is entitled to an initial cash flow boost of \$10,000 meaning the business overpaid the March 2020 quarterly activity statement by \$10,000. Generally the overpayment of \$10,000 will be refunded to you.

Tax consequences

All cash flow boosts are tax free (non-assessable non-exempt income) and are not required to be paid back when the business' cash flow improves. However, if the business has been paid more cash flow boosts than it is entitled to, it will be required to repay the excess.

The boost is not subject to GST as the business is not making or agreeing to make a supply for the payment.

The business will still be entitled to a deduction for PAYG withholding paid.

There is no effect on tax paid by employees in respect of their salary and wages.

Schemes

A business will not be eligible for cash flow boosts if it (or a representative of the business) has entered into or carried out a scheme for the purpose of:

- becoming entitled to cash flow boosts when it would otherwise not be entitled; or
- increasing the amount of the cash flow boosts.

This may include restructuring the business or the way workers are paid to fall within the eligibility criteria, as well as increasing wages paid in a particular month to maximise the cash flow boost amount.

Any sudden changes to the characterisation of payments made may cause the ATO to investigate whether the payments are in fact wages. If the payments are wages, the ATO may consider the characterisation of past payments, including whether they should have been subject to PAYG withholding and whether super guarantee contributions should have been made. The business may also have FBT obligations that have not yet been met.

SUPPORTING APPRENTICES AND TRAINEES

Summary

The Government is supporting small business to retain their apprentices and trainees. Eligible employers can apply for a wage subsidy of 50 per cent of the apprentice's or trainee's wage paid during the 9 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

The subsidy will be available to small businesses employing fewer than 20 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 and 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.

This measure will support up to 70,000 small businesses, employing around 117,000 apprentices.

Timing

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

Further information is available at:

- The Department of Education, Skills and Employment website at: www.dese.gov.au
- Australian Apprenticeships website at: www.australianapprenticeships.gov.au.

For further information on how to apply for the subsidy, including information on eligibility, contact an Australian Apprenticeship Support Network (AASN) provider.

Budget impact

This measure is expected to cost \$1.3 billion across 2019-20 and 2020-21.

David's Plumbing

David's Plumbing is a small business that employs 10 people, including two full-time Australian Apprentices.

Taylor is a first year Australian Apprentice, aged 20, undertaking a Certificate III qualification. She commenced her apprenticeship with David's Plumbing on 6 February 2020. Taylor receives a weekly wage of \$532.89.

Lisa is a third year Australian Apprentice, aged 29, undertaking a Certificate IV qualification. She commenced her apprenticeship with David's Plumbing on 18 November 2017. She receives a weekly wage of \$772.71.

David's Plumbing are eligible for *Supporting Apprentices and Trainees* which pays 50 per cent of the apprentices' wages that have been paid by David's Plumbing since 1 January 2020.

David's Plumbing will receive:

- \$9,059 subsidy for employing Taylor for 6 February 2020 to 30 September 2020; and
- \$15,068 subsidy for employing Lisa for 1 January 2020 to 30 September 2020.

FOR MORE INFORMATION

For more information on the Australian Government's Economic Response to the Coronavirus visit treasury.gov.au/coronavirus.

Businesses can visit business.gov.au to find out more about how the Economic Response complements the range of support available to small and medium businesses.



Supporting the flow of credit

The Government, Reserve Bank of Australia and the Australian Prudential Regulation Authority have taken coordinated action to support the flow of credit in the Australian economy, in particular for small and medium enterprises (SMEs). Timely access to credit is vital to help SMEs get through the impact of the Coronavirus.

CORONAVIRUS SME GUARANTEE SCHEME

Across the economy, many otherwise viable small and medium sized businesses are facing significant challenges due to disrupted cash flow. At the same time, businesses retain fixed obligations including rent, utilities, and employee expenses.

The Coronavirus SME Guarantee Scheme will provide support for these businesses. Under the Scheme, the Government will provide a guarantee of 50 per cent to SME lenders for new unsecured loans to be used for working capital. This will enhance these lenders' willingness and ability to provide credit, which will result in SMEs being able to access additional funding to help support them through the upcoming months.

SMEs with a turnover of up to \$50 million will be eligible to receive these loans.

The Government will provide eligible lenders with a guarantee for loans with the following terms:

- Maximum total size of loans of \$250,000 per borrower.
- The loans will be up to three years, with an initial six month repayment holiday.
- The loans will be in the form of unsecured finance, meaning that borrowers will not have to provide an asset as security for the loan.

Loans will be subject to lenders' credit assessment processes with the expectation that lenders will look through the cycle to sensibly take into account the uncertainty of the current economic conditions.

As part of the loan products available, the Government will encourage lenders to provide facilities to SMEs that only have to be drawn if needed by the SME. This will mean that the SME will only incur interest on the amount they draw down. If they do not draw down any funds from the facility, no interest will be charged, but they will retain the flexibility to draw down in the future should they need to.

The Scheme will commence by early April 2020 and be available for new loans made by participating lenders until 30 September 2020.

QUICK AND EFFICIENT ACCESS TO CREDIT FOR SMALL BUSINESSES

The Government is providing an exemption from responsible lending obligations for lenders providing credit to existing small business customers. This exemption is for six months, and applies to any credit for business purposes, including new credit, credit limit increases and credit variations and restructures. Responsible lending obligations do not currently apply to lending which is predominantly for a business purpose, but it can take time and effort for lenders to be satisfied that the money borrowed meets this test. By providing a temporary exemption from responsible lending obligations, this reform will help small businesses get access to credit quickly and efficiently.

SUPPORTING THE FLOW AND REDUCING THE COST OF CREDIT – RESERVE BANK OF AUSTRALIA

The Reserve Bank of Australia (RBA) announced a package on 19 March 2020 that will put downward pressure on borrowing costs for households and businesses. This will help mitigate the adverse

consequences of the Coronavirus on businesses and support their day-to-day trading operations. The RBA is supporting small businesses as a particular priority.

The RBA has announced a term funding facility for the banking system. Banks will have access to at least \$90 billion in funding at a fixed interest rate of 0.25 per cent. This will reinforce the benefits of a low cash rate by reducing funding costs for banks, which in turn will help reduce interest rates for borrowers. To encourage lending to businesses, the facility offers additional low-cost funding to banks if they expand their business lending, with particular incentives applying to new loans to SMEs.

In addition, the RBA announced a further easing in monetary policy by reducing the cash rate to 0.25 per cent. It is also extending and complementing the interest rate cut by taking active steps to target a 0.25 per cent yield on 3-year Australian Government Securities.

SUPPORTING NON-ADI AND SMALLER ADI LENDERS IN THE SECURITISATION MARKET

The Government is providing the Australian Office of Financial Management (AOFM) with \$15 billion to invest in structured finance markets used by smaller lenders, including non-Authorised Deposit-Taking Institutions (Non-ADI) and smaller Authorised Deposit-Taking Institutions (ADI). This support will be provided by making direct investments in primary market securitisations by these lenders and in warehouse facilities.

AOFM's investment will not be limited to residential mortgage backed securities. AOFM will also be purchasing assets that support small business (unsecured and secured loans) and consumer lending (including credit cards, automobiles and personal loans).

This program will assist smaller lenders, who will not benefit from the RBA's term funding facility, to maintain access to funding and support competition in the lending market. This in turn will help keep mortgages and other borrowing costs for businesses low.

ENSURING BANKS ARE WELL PLACED TO LEND – AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

The Australian Prudential Regulation Authority (APRA) has announced temporary changes to its expectations regarding bank capital ratios. The changes will support banks' lending to customers, particularly if they wish to take advantage of the new facility being offered by the RBA.

FOR MORE INFORMATION

For more information on the Australian Government's Economic Response to the Coronavirus visit treasury.gov.au/coronavirus.

Businesses can visit business.gov.au to find out more about how the Economic Response complements the range of support available to small and medium businesses.

For more information on the Reserve Bank of Australia's announcement visit: <https://www.rba.gov.au/mkt-operations/announcements/term-funding-facility-to-support-lending-to-australian-businesses.html> and <https://www.rba.gov.au/mkt-operations/announcements/rba-purchases-of-government-securities.html>.

For more information on Australia Prudential Regulation Authority's announcement visit: <https://www.apra.gov.au/news-and-publications/apra-adjusts-bank-capital-expectations>.



Delivering support for business investment

The Government is backing businesses to invest to help the economy withstand and recover from the economic impact of Coronavirus. The two business investment measures in this package are designed to assist Australian businesses and economic growth in the short-term, and encourage a stronger economic recovery following the Coronavirus outbreak.

These measures will support over 3.5 million businesses (over 99 per cent of businesses) with aggregated annual turnover of less than \$500 million employing more than 9.7 million employees.

INCREASING THE INSTANT ASSET WRITE-OFF

Summary

The Government is increasing the instant asset write-off (IAWO) threshold from \$30,000 to \$150,000 and expanding access to include all businesses with aggregated annual turnover of less than \$500 million (up from \$50 million) until 30 June 2020. In 2017-18 there were more than 360,000 businesses that benefited from the current IAWO, claiming deductions to the value of over \$4 billion.

The IAWO threshold

The higher IAWO threshold provides cash flow benefits for businesses that will be able to immediately deduct purchases of eligible assets each costing less than \$150,000. The threshold applies on a per asset basis, so eligible businesses can immediately write-off multiple assets.

The IAWO is due to revert to \$1,000 for small businesses (turnover less than \$10 million) from 1 July 2020.

Eligibility

The Government is expanding access so that more businesses can take advantage of the IAWO. The annual turnover threshold for businesses is increasing from \$50 million to \$500 million. Expanding the threshold will mean an additional 5,300 businesses who employ around 1.9 million Australians will be able to access the IAWO for the first time.

Timing

This proposal applies from announcement until 30 June 2020, for new or second-hand assets first used or installed ready for use in this timeframe.

Budget impact

This measure is estimated to have a net cost of \$700 million over the forward estimates. It will support business investment and is estimated to lower taxes paid by Australian businesses by \$2.5 billion over the next two years.

Example 1 — Business benefits from increased asset threshold

Owen owns a company, ON Point Farms Pty Ltd, through which he operates a farming business in the Central Wheat Belt of Western Australia. ON Point Farms Pty Ltd has an aggregated annual turnover of \$25 million for the 2019-20 income year. On 1 May 2020, Owen purchases a second hand tractor for \$140,000, exclusive of GST, for use in his business.

Under existing tax arrangements, ON Point Farms Pty Ltd is not able to immediately deduct assets costing more than \$30,000 and instead would depreciate the tractor using an effective life of 12 years. Choosing to use the diminishing value method, ON Point Farms Pty Ltd would claim a tax deduction of \$3,899 for the 2019-20 income year.

Under the new \$150,000 instant asset write-off, ON Point Farms Pty Ltd would instead claim an immediate deduction of \$140,000 for the purchase of the tractor in the 2019-20 income year, \$136,101 more than under existing arrangements. At the company tax rate of 27.5 per cent, Owen will pay \$37,427.78 less tax in 2019-20.

This will improve ON Point Farms Pty Ltd's cash flow and help his business withstand and recover from the economic impact of the Coronavirus.

Example 2 — Business benefits from increased turnover threshold

Samantha owns a company, Sam's Specialty Roasters Pty Ltd, through which she operates a large food processing business in Brisbane. Sam's Specialty Roasters Pty Ltd has an aggregated annual turnover of \$150 million for the 2019-20 income year. On 1 May 2020, Samantha purchases five new conveyor belts for her production facility for \$40,000 each, exclusive of GST, for use in her business.

Under existing tax arrangements, Sam's Specialty Roasters Pty Ltd is not eligible for the instant asset write-off and instead would depreciate the conveyor belts using an effective life of 15 years. Choosing to use the diminishing value method, Sam's Specialty Roasters Pty Ltd would claim a total tax deduction of \$4,456 for the 2019-20 income year.

Under the new \$150,000 instant asset write-off, Sam's Specialty Roasters Pty Ltd would instead claim an immediate deduction of \$200,000 for the purchase of the conveyor belts (i.e. \$40,000 for each conveyor) in the 2019-20 income year, \$195,544 more than under existing arrangements. At the company tax rate of 30 per cent, Samantha will pay \$58,663.20 less tax in 2019-20.

This will improve Sam's Specialty Roasters Pty Ltd's cash flow and help her business withstand and recover from the economic impact of the Coronavirus.

BACKING BUSINESS INVESTMENT (BBI)

Summary

The Government is introducing a time limited 15 month investment incentive to support business investment and economic growth over the short-term, by accelerating depreciation deductions.

The key features of the incentive are:

- *benefit* — deduction of 50 per cent of the cost of an eligible asset on installation, with existing depreciation rules applying to the balance of the asset's cost;
- *eligible businesses* — businesses with aggregated turnover below \$500 million; and
- *eligible assets* — new assets that can be depreciated under Division 40 of the *Income Tax Assessment Act 1997* (i.e. plant, equipment and specified intangible assets, such as patents) acquired after announcement and first used or installed by 30 June 2021. Does not apply to second-hand Division 40 assets, or buildings and other capital works depreciable under Division 43.

Eligibility

Businesses with aggregated turnover below \$500 million, purchasing certain new depreciable assets.

Timing

Applies to eligible assets acquired after announcement and first used or installed by 30 June 2021.

Budget impact

This measure is estimated to have a cost of \$3.2 billion over the forward estimates. It will support business investment and is estimated to lower taxes paid by Australian businesses by \$6.7 billion over the next two years.

Example 3 — Middle-sized business benefits from the BBI

J Construction Solutions Pty Ltd has an aggregated annual turnover of \$200 million for the 2020-21 income year. On 1 July 2020, J Construction Solutions Pty Ltd installs a \$1 million truck mounted concrete pump for use in the business.

Under existing tax arrangements, J Construction Solutions Pty Ltd could claim 30 per cent depreciation in the first year (based on the asset's effective life of 6 $\frac{2}{3}$ years).

Under the new *BBI*, J Construction Solutions Pty Ltd can claim a depreciation deduction of \$650,000 in the 2020-21 income year. This consists of 50 per cent of the concrete pump's value under the new *BBI* (\$500,000) plus 30 per cent of the remaining \$500,000 under existing depreciation rules (\$150,000). This is \$350,000 more than under existing tax arrangements.

At the company tax rate of 30 per cent, J Construction Solutions Pty Ltd will pay \$105,000 less tax in the 2020-21 income year (30 per cent of \$350,000). This extra tax benefit is worth \$14,000 to J Construction Pty Ltd over the asset's life (at an interest rate of 5 per cent).

This will improve J Construction Solutions Pty Ltd's cash flow and lower the after tax cost of the concrete pump to the business.

Example 4 — Small business benefits from the BBI

Joan and Bruce own a company, NC Transport Solutions Pty Ltd, through which they operate a haulage business on the North Coast of New South Wales. NC Transport Solutions Pty Ltd has an aggregated annual turnover of \$8 million for the 2019-20 income year. On 1 May 2020, Joan and Bruce purchase a new truck for \$260,000, exclusive of GST, for use in their business.

Under existing tax arrangements, NC Transport Solutions Pty Ltd would depreciate the truck using their small business simplified depreciation pool. Under the pooling rules, NC Transport Solutions Pty Ltd

would deduct 15 per cent of the asset's value upon entry to the pool, leading to a tax deduction of \$39,000 for the 2019-20 income year.

Under the new *BBI*, NC Transport Solutions Pty Ltd would instead claim an up-front deduction of 50 per cent of the truck's value (\$130,000) before placing the asset in their small business simplified depreciation pool. Joan and Bruce would then claim a further 15 per cent deduction on the depreciated value of the truck (\$19,500). As a result of the two deductions, Joan and Bruce are able to claim a deduction totalling \$149,500 in the 2019-20 income year, \$110,500 more than under existing arrangements. At the company tax rate of 27.5 per cent, Joan and Bruce will pay \$30,387.50 less tax in the 2019-20 income year.

This will improve NC Transport Solutions Pty Ltd's cash flow and help Joan and Bruce's business withstand and recover from the economic impact of the Coronavirus.

FURTHER INFORMATION

For more information on the Australian Government's Economic Response to the Coronavirus visit treasury.gov.au/coronavirus.



Income support for individuals

The Government is providing support for individuals to assist them during the next six months.

INCREASED AND ACCELERATED INCOME SUPPORT

Summary

The Government is temporarily expanding eligibility to income support payments and establishing a new, time-limited Coronavirus supplement to be paid at a rate of \$550 per fortnight. This supplement will be paid to both existing and new recipients of the eligible payment categories. These changes will apply for the next six months.

Eligibility

Payment categories

The income support payment categories eligible to receive the Coronavirus supplement are:

- Jobseeker Payment¹ (and all payments progressively transitioning to JobSeeker Payment; those currently receiving Partner Allowance, Widow Allowance, Sickness Allowance and Wife Pension)
- Youth Allowance
- Parenting Payment (Partnered and Single)
- Austudy
- ABSTUDY (Living Allowance)
- Farm Household Allowance
- Special Benefit recipients

Anyone who is eligible for the Coronavirus supplement will receive the full rate of the supplement of \$550 per fortnight.

Expanded access

For the period of the Coronavirus supplement, there will be expanded access to the income support payments listed above.

- **Expanded access:** Jobseeker Payment and Youth Allowance Jobseeker criteria will provide payment access for permanent employees who are stood down or lose their employment; sole traders; the self-employed; casual workers; and contract workers who meet the income tests as a result of the economic downturn due to the Coronavirus. This could also include a person required to care for someone who is affected by the Coronavirus.
- **Reduced means testing:** Asset testing for JobSeeker Payment, Youth Allowance and Parenting Payment will be waived for the period of the Coronavirus supplement. Income testing will still apply to the person's other payments, consistent with current arrangements.
- **Reduced waiting times:**
 - The one-week Ordinary Waiting Period has already been waived.

1 Under changes announced in the 2017-18 Budget, from 20 March 2020, JobSeeker Payment replaces Newstart Allowance as the main income support payment for recipients aged between 22 years to Age Pension qualification age who have capacity to work.

- To further accelerate access to payments, the Liquid Asset test Waiting Period (LAWP) and the Seasonal Work Preclusion Period (SWPP) will also be waived for recipients eligible for the Coronavirus supplement.
 - : People currently serving a LAWP will no longer need to serve that waiting period.
- The Newly Arrived Residents Waiting Period (NARWP) will be temporarily waived for recipients eligible for the Coronavirus supplement. When the Coronavirus supplement ceases, those people that were serving a NARWP will continue to serve the remainder of their waiting period, though the time the person was receiving the Coronavirus supplement will count towards their NARWP. Residency requirements still apply.
- All income testing, Income Maintenance Periods and Compensation Preclusion Periods will continue to apply.

People will not be permitted to access, and will need to declare that they are not accessing, employer entitlements (such as annual leave and/or sick leave) or Income Protection Insurance, at the same time as receiving Jobseeker Payment and Youth Allowance Jobseeker under these arrangements.

From 20 March 2020, Sickness Allowance was closed to new entrants and was replaced by the JobSeeker Payment. This does not mean that people who previously may have been eligible for Sickness Allowance are now unable to access income support. JobSeeker Payment better accommodates individual circumstances, including assisting people who are sick or bereaved.

Faster claim process

Accelerated claim process: To ensure timely access to payments, new applicants are encouraged to claim online. If applicants do not have internet access, they can claim over the phone.

- From April 2020, Services Australia will allow new applicants to call to verify their identity to reduce the need to visit a Services Australia office.
- To claim online, people who do not already deal with Services Australia will need to set up their myGov account, call to verify their identity, and get a link to their Centrelink online account.
- Applicants for Jobseeker Payment and Youth Allowance Jobseeker will:
 - Make an initial declaration about their identity, residency status, income and that they have been made redundant, or had their hours reduced (including to zero) as a result of the Coronavirus.
 - In the case of sole traders and the self-employed, applicants will make a declaration that their business has been suspended or had turnover reduced significantly.
- Applicants may also declare the amount of rent they pay in this declaration to qualify for Rent Assistance.
- Services Australia has effective measures in place to detect those seeking to defraud the social security system. Anyone fraudulently claiming a payment will need to pay the money back and may face legal action.

Streamlined application process: A number of simplified arrangements will be put in place to make it easier to claim, including *removing* the requirements for:

- Employment Separation Certificates, proof of rental arrangements and verification of relationship status;
- JobSeeker Classification Instrument assessment for those people who have recently left jobs, recognising they are job ready; and
- Jobseekers to make an appointment with an employment service provider before they can be paid.

Flexible jobseeking arrangements

Those receiving Jobseeker Payment have an obligation to actively look for work or build their skills, but the Government is making sure this can be done **flexibly and safely**.

- Jobseekers who have caring responsibilities, or who need to self-isolate, are able to seek an exemption from their mutual obligation requirements without the need for medical evidence.
- Activities can be rescheduled if the jobseeker is unable to attend as a result of the Coronavirus. Job Plans will be adjusted to a default requirement of four job searches a month (or one a week).

Mutual obligations can be tailored for each individual to suit not only their needs but also the needs of the community. In some circumstances, jobseekers can undertake training or volunteer within their community to meet their mutual obligation requirements.

Sole traders that become eligible for the Jobseeker Payment will automatically meet their mutual obligation requirements during this period by continuing to develop and sustain their business.

Jobseekers are encouraged to stay job ready, connected to their employment services provider and up to date on potential job opportunities in their local area.

These changes ensure that jobseekers can reliably access income support, safely look for work, fill critical vacancies as they emerge, develop their skills and job preparedness, contribute to their community and help the economy to bounce back stronger.

Timing

The Coronavirus supplement will commence from 27 April 2020.

Expanded access for payments and faster claims processing will commence from 25 March 2020.

Example

Leonie is in her mid-30s, with two dependent children aged 10 and 12 and works as a telephone consultant for a travel agency. The Coronavirus has caused the travel agency where she works to close for a six month period, and resulted in Leonie's hours being reduced to zero. Leonie will be eligible to apply for JobSeeker Payment and the Coronavirus supplement under the new streamlined process.

Leonie can apply online and make a declaration about her identity, residency status, income and that her hours have been reduced to zero as a result of the Coronavirus.

Leonie is eligible for Jobseeker Payment and will receive \$1,171.50 per fortnight, comprising:

- JobSeeker Payment single, with dependent child rate of \$612.00 per fortnight; **plus**
- Energy supplement of \$9.50 per fortnight; **plus**
- Coronavirus supplement of \$550 per fortnight.

Leonie will also receive Family Tax Benefit Part A and Part B of \$483 a fortnight.

Having recently left employment, Leonie is already job ready.

An employment service provider will look to match Leonie's skills with available opportunities (for example, in another call centre) so Leonie's skills can be used in another industry and Leonie can get another job quickly.

Example

Chris is a sole trader running an architecture practice that specialises in home renovations. Chris's practice has been successful over the years, and he has been able to build up a reasonable amount of assets to a level that would ordinarily make him ineligible for an income support payment.

The Coronavirus has adversely affected Chris's business, and his income has been reduced to zero.

Chris will be able to apply for the new JobSeeker / Coronavirus supplement and will not have his assets included as part of the eligibility assessment for the payment. He will also not be required to serve a Liquid Asset test Waiting Period, as this has been waived.

Chris is eligible for the Jobseeker payment and, as he is married (and his partner does not earn more than \$25,000 per annum), will receive:

- JobSeeker Payment partnered rate of \$510.80 per fortnight; **plus**
- Energy supplement of \$7.90 per fortnight; **plus**
- Coronavirus supplement of \$550 per fortnight.

This brings Chris's total fortnightly income support payment to \$1,068.70.

FOR MORE INFORMATION

For more information on the Australian Government's Economic Response to the Coronavirus visit treasury.gov.au/coronavirus.

Businesses can visit business.gov.au to find out more about how the Economic Response complements the range of support available to small and medium businesses.



Providing support for retirees

The Government is helping retirees to manage the impact of volatility in financial markets on their retirement savings by temporarily reducing superannuation minimum drawdown requirements. The Government is also reducing social security deeming rates in recognition of the impact of the low interest rates on savings.

SUMMARY

The Government is temporarily reducing superannuation minimum drawdown requirements for account-based pensions and similar products by 50 per cent for the 2019-20 and 2020-21 income years.

The Government is also reducing both the upper and lower social security deeming rates by a further 0.25 percentage points in addition to the 0.5 percentage point reduction to both rates announced on 12 March 2020.

TEMPORARY REDUCTION IN SUPERANNUATION MINIMUM DRAWDOWN REQUIREMENTS

This measure will benefit retirees with account-based pensions and similar products by reducing the need to sell investment assets to fund minimum drawdown requirements.

The reduction applies for the 2019-20 and 2020-21 income years.

Age	Default minimum drawdown rates (%)	Reduced rates by 50 per cent for the 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 or more	14	7

This measure will have no impact on the underlying cash balance for 2019-20 and a negligible impact in 2020-21.

Mike is a 66 year old retiree with a superannuation account-based pension

The value of Mike's account-based pension at 1 July 2019 was \$200,000. Under current minimum drawdown requirements, Mike is required by legislation to drawdown 5 per cent of his account balance over the course of the 2019-20 and 2020-21 income years.

This means Mike has to drawdown \$10,000 by 30 June 2020 to comply with the minimum drawdown requirements.

Following the temporary reduction in minimum drawdown requirements, Mike will now only be required to drawdown 2.5 per cent of his account balance, that is, \$5,000, by 30 June 2020. If Mike has already withdrawn over \$5,000 for 2019-20, he is not able to put the amount above \$5,000 back into his superannuation account.

On 1 July 2020 the value of Mike's account-based pension is \$180,000 (after drawdowns and investment losses). During 2020-21, Mike is required to drawdown 2.5 per cent of his account balance, which is \$4,500, instead of \$9,000.

As a result of this change to minimum drawdown requirements, Mike is able to preserve his capital while still drawing an income from his superannuation.

CHANGES TO SOCIAL SECURITY DEEMING RATES

As of 1 May 2020, the upper deeming rate will be 2.25 per cent and the lower deeming rate will be 0.25 per cent. The reductions reflect the low interest rate environment and its impact on the income from savings. The change will benefit around 900,000 income support recipients, including around 565,000 people on the Age Pension who will, on average, receive around \$324 more from the Age Pension in the first full year that the reduced rates apply.

The changes will be effective from 1 May 2020. This measure is expected to have a cost of \$876 million over the forward estimates.

Helen is a single part-rate age pensioner

Helen receives a single part-rate Age Pension. She has \$200,000 in financial assets with \$175,000 held in a term deposit which returns 1.5 per cent and the remainder in a cash transaction account earning a negligible rate of interest.

Under the former deeming rates, Helen's Age Pension would have been reduced by \$8.50 per fortnight as her income was above the income test threshold. With the change in deeming rates Helen has less deemed income and will now be eligible for a **maximum** rate Age Pension.

Leslie and Brian are an age pensioner couple

Leslie and Brian are an age pensioner couple. They have \$550,000 worth of financial assets. They hold \$300,000 in a superannuation account with a conservative investment strategy which returned around 5 per cent last year. They have invested \$130,000 in a term deposit with an annual return of 1.5 per cent and hold the remainder in a cash transaction account earning a negligible rate of interest.

Under the former deeming rates, Leslie and Brian's Age Pension would have been reduced by \$65 each per fortnight. Under the new deeming rates, Leslie and Brian's Age Pension will only be reduced by around \$32 each per fortnight.

FOR MORE INFORMATION

For more information on the Australian Government's Economic Response to the Coronavirus visit treasury.gov.au/coronavirus.



Early access to superannuation

The Government is allowing individuals affected by the Coronavirus to access up to \$10,000 of their superannuation in 2019-20 and a further \$10,000 in 2020-21.

TEMPORARY EARLY ACCESS TO SUPERANNUATION

Summary

While superannuation helps people save for retirement, the Government recognises that for those significantly financially affected by the Coronavirus, accessing some of their superannuation today may outweigh the benefits of maintaining those savings until retirement.

Eligible individuals will be able to apply online through myGov to access up to \$10,000 of their superannuation before 1 July 2020. They will also be able to access up to a further \$10,000 from 1 July 2020 until 24 September 2020.

Eligibility

To apply for early release you must satisfy any one or more of the following requirements:

- you are unemployed; or
- you are eligible to receive a job seeker payment, youth allowance for jobseekers, parenting payment (which includes the single and partnered payments), special benefit or farm household allowance; or
- on or after 1 January 2020:
 - you were made redundant; or
 - your working hours were reduced by 20 per cent or more; or
 - if you are a sole trader — your business was suspended or there was a reduction in your turnover of 20 per cent or more.

People accessing their superannuation will not need to pay tax on amounts released and the money they withdraw will not affect Centrelink or Veterans' Affairs payments.

How to apply

If you are eligible for this new ground of early release, you can apply directly to the ATO through the myGov website: www.my.gov.au. You will need to certify that you meet the above eligibility criteria.

After the ATO has processed your application, they will issue you with a determination. The ATO will also provide a copy of this determination to your superannuation fund, which will advise them to release your superannuation payment. Your fund will then make the payment to you, without you needing to apply to them directly.

Separate arrangements will apply if you are a member of a self-managed superannuation fund (SMSF). Further guidance will be available on the ATO website: www.ato.gov.au.

Timing

You will be able to apply for early release of your superannuation from 20 April 2020.

Budget impact

This measure is expected to have a cost of \$1.15 billion over the forward estimates.

Ed the bartender

Ed works in a popular bar in Melbourne. As a result of the Coronavirus, Ed has had his work hours reduced from 40 hours on average in the second half of 2019 to 20 hours per week on average in May 2020. As a result, Ed determines that his hours over the last month have reduced by more than 20 per cent compared to the average of his hours over the last six months of 2019.

Ed decides to apply for the early release of \$8,000 of his superannuation in May 2020 to help pay his rent and other living expenses. Ed self-certifies that he is eligible for early release on myGov. He could have applied for up to \$10,000, but chose not to. Ed cannot seek any further early release of superannuation in 2019-20 on the grounds that he has been affected by the adverse economic effects of the Coronavirus.

However, Ed finds after 1 July 2020 that his hours continue to be reduced by more than 20 per cent compared to the average of his hours in the last six months of 2019. Ed decides to make a second application and self-certifies through myGov that he is eligible for early release. He is able to apply again for a release of up to \$10,000 of his superannuation. Ed submits a second application for the full amount of \$10,000 this time.

For each application, the ATO approves Ed's early release and notifies both him and his superannuation fund. Ed has received a total of \$18,000 of his superannuation in two separate payments. He will not be taxed on this amount and is free to spend this money on anything he chooses, or save it for future expenses. He is also free to recontribute any unused amounts to his superannuation in the future (within his contribution caps).

Rachel the sole trader

Rachel is a sole trader with a catering business. At the end of July 2020, Rachel seeks to apply for an early release from her superannuation for the 2020-21 financial year.

Due to the economic effects of the coronavirus, Rachel's turnover for July is \$5,000 compared to \$10,000 on average per month for the second half of 2019. Rachel therefore determines that her turnover has reduced by more than 20 per cent compared to her average turnover over the last six months of 2019.

Rachel self-certifies that she is eligible for early release and applies to have \$10,000 released from her superannuation.

FOR MORE INFORMATION

For more information on the Australian Government's Economic Response to the Coronavirus visit treasury.gov.au/coronavirus.

Businesses can visit business.gov.au to find out more about how the Economic Response complements the range of support available to small and medium businesses.



Payments to support households

These payments will provide assistance to lower income Australians, including pensioners, other social security and veteran income support recipients and eligible concession card holders.

SUPPORT PAYMENTS

Summary

The Government is providing two separate \$750 payments to social security, veteran and other income support recipients and eligible concession card holders. Around half of those that benefit are pensioners. These payments will support households to manage the economic impact of the Coronavirus.

- The **first payment** (announced on 12 March 2020) will be available to people who are eligible payment recipients and concession card holders at any time from 12 March 2020 to 13 April 2020 inclusive.
- The **second payment** (announced on 22 March 2020) will be available to people who are eligible payment recipients and concession card holders on 10 July 2020.

A person can be eligible to receive both the first and second support payment. However, they can only receive one \$750 payment in each round of payments, even if they qualify in each round of the payments in multiple ways.

The payment will be exempt from taxation and will not count as income for the purposes of Social Security, Farm Household Allowance and veteran payments.

Eligibility for the first payment

To be eligible for the first payment, you must be residing in Australia and be receiving one of the following payments, or hold one of the following concession cards, at any time from 12 March 2020 to 13 April 2020, inclusive:

- Age Pension
- Disability Support Pension
- Carer Payment
- Parenting Payment
- Wife Pension
- Widow B Pension
- ABSTUDY (Living Allowance)
- Austudy
- Bereavement Allowance
- Newstart Allowance
- JobSeeker Payment
- Youth Allowance
- Partner Allowance
- Sickness Allowance
- Special Benefit
- Widow Allowance
- Family Tax Benefit, including Double Orphan Pension
- Carer Allowance
- Pensioner Concession Card (PCC) holders
- Commonwealth Seniors Health Card holders
- Veteran Service Pension; Veteran Income Support Supplement; Veteran Compensation payments, including lump sum payments; War Widow(er) Pension; and Veteran Payment.
- DVA PCC holders; DVA Education Scheme recipients; Disability Pensioners at the temporary special rate; DVA Income support pensioners at \$0 rate.
- Veteran Gold Card holders
- Farm Household Allowance

Where someone has lodged a claim for one of the eligible payments or concession cards at any time from 12 March to 13 April 2020 inclusive, and the claim is subsequently granted, they will also receive the payment.

The first payment will be made to approximately 6.6 million social security, veteran and other income support recipients and eligible concession card holders. Around half of those that benefit are pensioners.

Eligibility for the second payment

The second payment is expected to be made to around 5 million social security, veteran and other income support recipients and eligible concession card holders. Around half of those that benefit are pensioners.

To be eligible for the second payment on 10 July 2020 you must be residing in Australia and be receiving one of the payments or holding one of the concession cards that were eligible for the first payment, except for those who are receiving an income support payment that is eligible to receive the Coronavirus supplement.

Income support recipients that are instead eligible to receive the Coronavirus supplement are those that receive:

- JobSeeker Payment (and payments progressively transitioning into JobSeeker Payment; those currently receiving Partner Allowance, Widow Allowance, Sickness Allowance and Wife Pension)
- Youth Allowance
- Parenting Payment (Partnered and Single)
- Austudy
- ABSTUDY (Living Allowance)
- Farm Household Allowance
- Special Benefit

TIMING

Timing	
First Payment	Paid automatically from 31 March 2020
Second Payment	Paid automatically from 13 July 2020

Payments will be made by Services Australia or the Department of Veterans' Affairs.

If you are a holder of a Veteran Gold Card, we will contact you to confirm your account details so the payment can be made as soon as possible.

Example — First and second payment

Kate and Angus are a couple and are both Age Pension recipients as at 12 March 2020. Kate and Angus will each receive \$750, so their household will receive \$1,500 in total. Payments to Kate and Angus will be made automatically from 31 March 2020.

As Kate and Angus remain both a couple and Age Pension recipients on 10 July 2020, they will each be eligible for a further \$750 as part of the second payment, so their household will receive \$1,500 in total for the second payment.

This will bring the total payment to their household to \$3,000, from the first and second payments.

Example — Interaction between Coronavirus supplement and second payment

Leanne is a single parent JobSeeker Payment recipient on 10 July 2020, receiving a single, with dependent child, rate of \$612 per fortnight, a further \$9.50 per fortnight for the Energy Supplement and an additional \$550 per fortnight Coronavirus supplement.

This brings Leanne's fortnightly income support payment to \$1,171.50.

Leanne was in receipt of the Jobseeker Payment on 30 March, so she was eligible for the first \$750 payment.

As Leanne is receiving the \$550 per fortnight Coronavirus supplement on 10 July 2020, she will not be eligible for the second \$750 payment.

FOR MORE INFORMATION

For more information on the Australian Government's Economic Response to the Coronavirus visit treasury.gov.au/coronavirus.

BENEFITS ELIGIBLE FOR ECONOMIC SUPPORT PAYMENTS

Payment / card	2020 First Economic Support Payment	2020 Second Economic Support Payment	Eligible for Coronavirus supplement
Age Pension	✓	✓	
Disability Support Pension	✓	✓	
Carer Payment	✓	✓	
Parenting Payment	✓		✓
Wife Pension	✓	✓	
Widow B Pension	✓	✓	
ABSTUDY (Living Allowance)	✓		✓
Austudy	✓		✓
Bereavement Allowance	✓	✓	
Newstart Allowance / JobSeeker Payment	✓		✓
Youth Allowance	✓		✓
Partner Allowance / JobSeeker Payment	✓		✓
Sickness Allowance / JobSeeker Payment	✓		✓
Special Benefit	✓		✓
Widow Allowance / JobSeeker Payment	✓		✓
Family Tax Benefit	✓ (Per recipient)	✓ (Per recipient)	
Double Orphan Pension	✓	✓	
Carer Allowance	✓ (Per recipient)	✓ (Per recipient)	
Pensioner Concession Card (PCC) holders	✓	✓	
Commonwealth Seniors Health Card holders	✓	✓	
Veteran Service Pension; Veteran Income Support Supplement; Veteran Compensation payments, including lump sum payments; War Widow(er) Pension; and Veteran Payment.	✓	✓	
DVA PCC holders; DVA Education Scheme recipients; Disability Pensioners at the temporary special rate; DVA Income support pensioners at \$0 rate.	✓	✓	
Veteran Gold Card holders	✓	✓	
Farm Household Allowance	✓		✓