

KnowHow

Support for businesses in times of need

You, or someone you know, may have had a change in circumstances and may need support. We have put together some information to help you navigate these uncertain times and to answer some frequently asked questions.

Business investment

Small business loans – relief package

Australian banks will provide support to eligible small businesses by deferring loan payments for up to six months, where assistance is required as a result of Coronavirus. The intention is for banks to implement this as soon as possible. If you haven't yet been contacted by your bank you should phone them to discuss your options.

Coronavirus Guarantee Scheme

Estimated from early April 2020

The Coronavirus Guarantee Scheme will provide a Government guarantee of 50% of the value of new unsecured loans issued by eligible lenders to small and medium sized businesses with a turnover of up to \$50 million.

The intention of this measure is to increase access to loans by businesses impacted by the Coronavirus.

The guarantee is available for loans of up to \$250,000 per borrower, with loan terms of up to 3 years. There will be an initial 6-month repayment holiday.

Lenders will need to complete a credit assessment process but should consider circumstances beyond the current economic climate when deciding whether or not the loan will be granted.

The guarantee will be available for eligible new loans provided between 23 March - 30 September 2020 and applications will be made directly to the lender.

For more information, contact your lender, and see **business.gov.au**

Providing cash flow support

These measures include:

- 1) Additional lump sum payments to employers
- 2) JobKeeper payments
- 3) Payments for apprentices and trainees
- 4) Instant asset write-off
- 5) Accelerated depreciation

Additional lump sum payments to employers

Small and medium sized businesses and not-for-profit organisations (with turnover of less than \$50m) that *employ people* will receive payments of between \$20,000 and \$100,000 to assist with operating expenses.

The amount will be made available in two instalments.

The amount of payment depends on whether your business is required to withhold tax on salary and wages for employees. If you don't have employees, you won't be eligible for these payments.

How much will I receive?

Where you're required to withhold tax on salary and wages for employees, you'll be entitled to an initial amount equal to 100% of the amount of tax withheld (up to a maximum of \$50,000). Where you don't actually withhold any tax, because for example, your employees earn amounts below the tax-free threshold, you will still qualify for the minimum payment of \$10,000.

The **second payment** will be the same amount as the first payment, without any recalculation.

When will I receive the payments?

The payments will be tax free and received as a credit on the business' activity statements by the ATO from 28 April 2020. The timing of the credit will vary depending on the required frequency of lodgement of activity statements (eg monthly or quarterly). All eligible businesses will receive a first payment of at least \$10,000. Where this puts your business in a refund position, these amounts will be paid to you by the ATO within 14 days.

JobKeeper payments

From May 2020, backdated to 30 March 2020

The JobKeeper payment is a \$1,500 (gross) fortnightly payment per eligible employee of a business. The amount will be paid to the employer and is designed to assist employers to continue paying their employees. Eligible employers will receive payments from the beginning of May and payments will be backdated to 30 March 2020. The payments will be available for a maximum of six months.

You can register your interest today to keep updated about the application process.

Formal application will be via **ato.gov.au**

For more information about JobKeeper, see KnowHow: **Q&A JobKeeper payment**.

Instant asset write-off

Available now

From 12 March 2020, the instant write-off threshold will increase from \$30,000 to \$150,000. It has also been broadened and will be available to businesses with an annual turnover of up to \$500 million for the current financial year (an increase from \$50 million). This applies to new or second-hand assets used or installed ready for use by 30 June 2020. The increased write-off threshold will apply on a per asset basis until 30 June 2020.

Accelerated depreciation

Available now

Accelerated depreciation of 50% will apply to eligible assets until 30 June 2021. Eligible assets are those acquired after the announcement and are used or installed ready for use by 30 June 2021. However, it does not apply to second-hand assets, building or other capital works deductible under separate tax provisions. This concession will be available to business with aggregated turnover of less than \$500 million.

Employers with apprentices and trainees

Available now

If you're an eligible employer who employs apprentices or trainees, you can apply for a subsidy of 50% of the employee's wage. This applies for the period of 1 January – 30 September 2020. The maximum payment is \$21,000 per apprentice or trainee.

If you're unable to retain an apprentice, the subsidy will be available to the new employer.

To be classified as an eligible employer, you must have less than 20 full-time employees. The apprentice or trainee must be in employment with a small business as at 1 March 2020. Other employers, regardless of size, and Group Training Organisations that re-engage eligible out-of-trade apprentices or trainees are also eligible for the subsidy.

Eligible employers can register for the subsidy from early April 2020 and final claims for payments lodged by 31 December 2020.

Next steps

To find out more about these are any other issues or concerns you may have, we recommend you contact your financial adviser.

Important information

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