

## COVID 19 STIMULUS PACKAGES AT A GLANCE

23 MARCH 2020

(The purpose of this document is to highlight the key points only, not an advice)

Stimulus Package	Size	Comments
<b>RBA's Funding Facility</b>	A\$ 90bn	<ul style="list-style-type: none"> <li>Available to banks <b>to lend to SMEs</b> over 3 years @.25% interest</li> <li>To provide SMEs with easier access to loan at low interest</li> </ul>
<b>Federal Government's Funding Facility</b>	A\$15bn	<ul style="list-style-type: none"> <li><b>Available to small banks</b> and non-bank lenders</li> <li>To provide SMEs with easier access to loan</li> </ul>
<b>First Stimulus Package (13/3/20)</b>	A\$ 17.6bn	<p><b>Main components:</b></p> <ul style="list-style-type: none"> <li><b>Boosting Cash Flow for Employers</b> (small businesses &amp; non-for-profit organizations): minimum A\$20,000 and maximum A\$100,000 over next 6 months based on PAYG withheld.</li> <li><b>Supporting Apprentices and Trainees:</b> upto A\$ 7,000 per quarter per apprentice over the next 9 months</li> <li><b>Increasing Instant Asset Write off Limit:</b> from A\$30,000 to A\$150,000 available until 30/6/20 to businesses with a yearly turnover of less than A\$500m</li> <li><b>Backing Business Investment:</b> 50% accelerated depreciation on eligible investment available to businesses with a yearly turnover of less than A\$500m.</li> <li><b>Support for COVID 19 Affected Regions:</b> A\$1 bn targeted mainly to tourism industry</li> <li><b>Support for Casuals and Sole Traders:</b> fortnightly A\$550 supplement for next 6 months</li> <li><b>One off A\$750 stimulus payment:</b> to eligible people including families, pensioners, carers, job seekers etc in Mar 20</li> <li><b>Additional one off A\$750 Stimulus Payment:</b> to eligible people including families, pensioners, carers, job seekers etc in Jul 20</li> <li><b>Access to Super Earlier</b> – A\$20,000 over 2 years for individual struggling as a result of COVID 19.</li> <li><b>Commonwealth Guaranteed Bank Loans :</b> 50% of the total loan provided by lenders to SMEs as working capital, max loan size A\$250K, 3 year term, 6 months repayment holiday.</li> </ul>
<b>Second Stimulus Package (22/3/20)</b>	A\$ 66bn	
<b>Total</b>	<b>A\$188.6 bn</b>	

## KEY TAKEAWAYS:

- Total stimulus packages add up to **A\$188.6 bn**, which is equivalent to **9.7% of GDP**. As these are very rushed extra-ordinary measures, there are more details yet to be revealed, and potentially more to come.
- **Separate packages** are being announced by **State & Territory Governments**, mostly in the form of payroll tax waiver.
- Most businesses will benefit from the **Boosting Cash Flow for Employers** stimulus package. As an example, an employer withholding A\$8,333 per month is likely to get the full incentive of A\$100,000 (max) over the next six months. An employer with NO PAYG withholding obligation will get A\$20,000 (min). There are two parts, first part is payable by 28/7/20. Second part is based on first part payment and is payable by 28/10/20.
- Small businesses that have struggled to secure **working capital finance** are likely to benefit by the Commonwealth guaranteed bank loans.

## COVID19: STIMULUS STIMULUS PACKAGE

### BOOSTING CASH FLOW FOR EMPLOYERS EXPLAINED

LIKELY IMPACT UNDER DIFFERENT SCENARIOS BASED ON INFO AVAILABLE ON 22/3/20

#### What is it?

- (1) The package is a tax-free incentive. It's applicable to employers with less than A\$50m turnover pa. Must be operating/established as employers prior to 12/3/20
- (2) It's automatically paid/adjusted on lodgment of BAS/IAS, no additional processing or application is required. No further details are available at this stage
- (3) A minimum A\$20K and maximum A\$100K is payable between 21/4/20 to 28/10/20. Minimum amount is for employers who do not need to withhold PAYG or withhold less than the minimum amount during Jan-Mar 20
- (4) Two parts, Part 1 is for 100% PAYG withholding from 1/1/20 to 30/6/20 or the minimum of A\$10k, capped at A\$ 50K, incentive to be paid by 28/7/20.
- (5) Part 2, an additional amount, equal to the amount of Part 1 incentive paid, to be paid by 28/10/20.
- (6) Monthly reporters receive 300% of Mar 20 PAYG then 100% of PAYG withheld each month capped at A\$50K. Then part 2 in 4 instalments between Jul-Oct 20.
- (7) Quarterly reporters receive 100% of PAYG withheld in Jan-Mar 20 and Apr-Jun 20 capped at A\$50K. Then part 2 in two instalments between Jul-Oct 20

	Apr-20	May-20	Jun-20	FY20	Jul-20	Aug-20	Sep-20	Oct-20	FY21	Total
<b>Example 1:</b> ABC Pty Ltd withholds A\$15,000 from wages per month and reports monthly through IAS										
Incentive Payment	45,000	5,000	-	50,000	12,500	12,500	12,500	12,500	50,000	100,000
	300% of Mar 20 PAYG withheld	Part 1 Payment capped at A\$50K			Part 2 payment-25% of Part 1 Pay				Total Part 2 Payment	
<b>Example 2:</b> ABC Pty Ltd employs 2 casual employees, doesn't withhold anything, reports quarterly through BAS										
Incentive Payment	10,000	-	-	10,000	5,000			5,000	10,000	20,000
	Minimum Payment Part 1			50% of Part 1 min payment				Part 2 payment		
<b>Example 3:</b> ABC Pty Ltd employs 1 employee, withholds only A\$ 500 per month, reports quarterly through BAS										
Incentive Payment	10,000	-	-	10,000	5,000			5,000	10,000	20,000
	Minimum Payment Part 1			Part 2 pay: 50% of Part 1 min payment				Part 2 payment		