

Australian economic stimulus package in response to coronavirus includes tax measures

Tax incentives for business investment

Instant asset write-off increased

For new or second-hand assets first used or installed ready for use from 12 March until 30 June 2020, the instant asset write-off threshold will be increased from \$30,000 to \$150,000 for businesses with aggregated annual turnover of less than \$500 million (up from the current \$50 million threshold). The threshold applies on a per asset basis, so eligible businesses can immediately write-off multiple assets. The threshold will revert to \$1,000 for small businesses (turnover less than \$10 million) from 1 July 2020, however businesses not entitled to the instant asset write off from 1 July 2020 may be entitled to the 50% investment incentive as below.

Backing business investment incentive

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 aggregated annual turnover of less than \$500 million per annum will be able to deduct 50 per cent of the cost of an eligible asset upon installation, provided it was acquired after 12 March 2020 and first used or installed by 30 June 2021. There is no asset value threshold for this 50% investment incentive. Existing depreciation rules applying to the balance of the asset's cost.

Cash flow assistance for businesses

Boosting cash flow for employers

Up to a \$25,000 tax-free payment to small and medium-sized businesses with aggregated annual turnover of less than \$50 million that employ workers, between 1 January 2020 and 30 June 2020. These eligible businesses will receive a payment equal to 50% of their PAYG withheld, delivered as a credit in their BAS from March to June 2020, with a minimum \$2,000 payment and up to a cap of \$25,000.

Supporting apprentices and trainees

Eligible small business employers will be able to apply for a wage subsidy of 50% of the apprentice's or trainee's (in training as at 1 March 2020) wage for up to 9 months from 1 January

to 30 September 2020, up to \$21,000 per apprentice. Employers can register for the subsidy from early April 2020 with final claims for payment due by 31 December 2020.

Non-tax measures

Stimulus payments

A one-off \$750 payment will be available from 31 March 2020 to social security, veteran and other income support recipients and eligible concession cardholders including pensioners. There will be one payment per eligible recipient.

Assistance for severely affected regions

The Government has set aside \$1 billion to support those regions and communities that have been disproportionately affected by the economic impacts of COVID-19, including those heavily reliant on industries such as tourism, agriculture and education.

ATO relief

On 12 March 2020, the Australian Taxation Office (ATO) announced a series of administrative concessions to assist businesses impacted by COVID-19, which include:

- deferring by up to 4 months the payment of tax amounts due through the BAS (including PAYG instalments), income tax assessments, FBT assessments and excise by affected businesses;
- allowing affected businesses on a quarterly reporting cycle to opt into monthly GST reporting to get quicker access to any GST refunds;
- allowing affected businesses to vary PAYG instalment amounts to zero for the April 2020 quarter. Businesses that vary their PAYG instalment to zero can also claim a refund for any instalments made for the September 2019 and December 2019 quarters;
- remitting any interest and penalties, incurred by affected businesses on or after 23 January 2020, that have been applied to tax liabilities; and
- allowing affected businesses to enter into low-interest payment plans for their existing and ongoing tax liabilities.

The ATO assistance is not automatic, taxpayers must first contact the ATO to request assistance, and if eligible, the ATO will 'tailor the assistance package for the relevant taxpayer.