

Dear Client,

We have important information for you

ECONOMIC STIMULUS PACKAGE STAGE 1 & 2

WHAT DOES THIS MEAN FOR YOUR BUSINESS?

SOLE TRADERS / PARTNERSHIPS / COMPANIES / TRUSTS

CHANGES TO INSTANT ASSET WRITE-OFF - \$150,000 RULE

The instant asset write-off threshold has been raised from \$30,000 to \$150,000.

Eligible assets include **new and second-hand assets** purchased and installed ready to use from the 12th March 2020 through to the 30th June 2020.

CHANGES TO DEPRECIATION - 50% RULE

For businesses who purchase **New Assets** from the 12th March 2020 until 30th June 2021 and the cost of these new assets is greater than \$150,000 will be able to depreciate an additional 50% of the asset cost on top of the normal 15% depreciation on the first year of purchase.

Eligible assets include: New plant & equipment assets, intangible assets such as patents.

Non-Eligible assets include: **Second-hand** plant & equipment assets, buildings and other capital work assets.

CASH FLOW RELIEF FOR YOUR BUSINESS

Businesses that employ staff, will not have to pay **100% of the tax withheld on employees' wages** up to **maximum total of \$50,000** when BAS's are lodged. A **minimum credit of \$10,000** if they don't need to withhold tax on wages.

Please note that these payments will only be paid if you have employees, and not if its only yourself, in the case of a Sole Trader or Partnership.

ADDITIONAL CASH FLOW PAYMENT

An additional credit will be introduced for the July to October 2020 period, for businesses that continue to be active and pay employees.

EMPLOYING APPRENTICES

Small businesses can apply for a wage subsidy of 50% up to \$21,000 per apprentice (or \$7000 per quarter) of the apprentice's or trainee's wage for up to 9 months from 1 January 2020 to 30 September 2020.

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.

TEMPORARY RELIEF FOR FINANCIALLY DISTRESSED BUSINESSES

Temporary higher thresholds and more time to respond to demands from creditors

The government is temporarily increasing the current minimum threshold for creditors issuing a statutory demand on a company and for a creditor to initiate bankruptcy proceedings against a debtor to \$20,000.

We advise that you talk to your solicitor regarding this matter

Temporary relief from directors' personal liability for trading while insolvent

Directors will be temporarily relieved of their duty to prevent insolvent trading with respect to any debts incurred in the ordinary course of the company's business.

We advise that you talk to your solicitor regarding this matter

BUSINESS LOANS

The Government will provide a guarantee of 50 % to SME lenders to support new short-term unsecured loans to SMEs.

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.

Please talk to your finance provider regarding this matter

Should you have any further questions please phone the undersigned

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