



COVID-19 ANNOUNCEMENT

As we closely monitor the severe impact the COVID-19 pandemic is causing businesses, we want to summarise the most recent government announcements and initiatives for our clients. We have consolidated the most applicable information as at 25 March 2020, gathered from online government resources (*with links to relevant fact sheets below*) that are likely to apply to you and your business.

The information outlined is to assist in understanding the following:

- Economic Stimulus Package
- Social Distancing Measures

Part 1 Economic Stimulus Package

At the weekend, the Australian Government announced its second instalment of financial assistance for Australians affected by the COVID-19 pandemic. In addition to the previous announcement, this latest statement provides assistance for sole traders, small businesses and employees, self-employed, contract workers and casual workers. Further details and links below:

1. Increasing Instant Asset Write-off:

The complying threshold for the Instant Asset Write-Off (IAWO) has now been increased from \$30,000 to \$150,000, including all businesses with an aggregated annual turnover of less than \$500 Million (with a cap of up to \$50 million), until 30 June 2020. [Fact Sheet](#) for more information.

2. Boosting Cash Flow for Employers:

The Government is providing up to \$100,000 to eligible small and medium sized businesses, and not-for-profits (including charities) with aggregated annual turnover under \$50 million that employ people, with a minimum payment of \$20,000. These payments are intended to help businesses' and not-for-profits' cash flow so they can keep operating, pay their rent, electricity and other bills and retain staff. [Fact Sheet](#) for more information.

3. Temporary Relief for Financial Distressed Businesses:

The Government is temporarily providing a safety net for businesses that may face financial distress to make sure that when the crisis has passed, they can resume normal business operations. The elements of this safety net package in place for 6 months are:

A temporary increase in the threshold at which creditors can issue a statutory demand on a company (from \$2,000 to \$20,000) and the time companies have to respond to statutory demands they receive (from 21 days to 6 months);

A temporary increase in the threshold for a creditor to initiate bankruptcy proceedings (from \$5,000 to \$20,000), an increase in the time period for debtors to respond to a bankruptcy notice (from 21 days to 6 months), and extending the period of protection a debtor receives after making a declaration of intention to present a debtor's petition (from 21 days to 6 months);



COVID-19 ANNOUNCEMENT

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 for companies from provisions of the Act to deal with unforeseen events that arise as a result of the Coronavirus health crisis.

[Fact Sheet](#) for more information.

4. 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). 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. 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.
- The Government is also cutting red tape by providing a temporary exemption from responsible lending obligations for lenders

providing credit to existing small business customers.

[Fact Sheet](#) for more information.

5. Increased and Accelerated Income Support:

The Government is expanding the eligibility and access to income support payments. They have established a new, time-limited (6 x months) 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 and will not be income tested.

For the period of the Coronavirus supplement, there will be expanded access to the Jobseeker Payment with reduced means testing and reduced wait times. The expanded eligibility applies to:

- Sole Traders
- Self-Employed
- Casual Workers
- Contract Workers (*who meet the income tests as a result of the economic downturn due to the Coronavirus*).
- There will also be reduced means testing and waiting times for access to access to the Jobseeker Payment. [Business website](#) for more information.

6. Accelerated Depreciation Deduction Arrangements:

The Government has established a time limited 15-month investment incentive (*available through to 30 June 2021*) to support business investment and economic growth over the short term, by accelerating depreciation deductions. Businesses

COVID-19 ANNOUNCEMENT

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. [Fact Sheet](#) for more information.

7. Tax Support:

The Australian Tax Office (ATO) is providing relief for some tax obligations for businesses affected by the outbreak, on a case-by-case basis. [ATO website](#) for more information.

8. 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. [Fact Sheet](#) for more information.

9. Support for Coronavirus-affected Regions and Communities:

The Government has set aside \$1 billion to support communities, regions and industries most significantly affected by the COVID-19 outbreak. These funds will be available to assist during the outbreak and to help with the recovery. [Fact Sheet](#) for more information.

Part 2 Social Distancing Measures

As measures and initiatives continue to increase to manage the pandemic and its health and economic impacts, the importance of social distancing measures within the community is an integral part of this process. The Hon Scott Morrison in the Prime Minister's recent National Cabinet announcement emphasised increased measures. In order to slow down the virus, he outlined that the nation should expect to be living with COVID-19 for a duration of at least six months in order to provide protection of Australian lives, jobs and ensure our country continues to function.

The below new restrictions take effect midnight Wednesday, 25 March 2020, and add to previously outlined limitations already in place:

1. Banned or Closed:

- Registered and licensed clubs, licensed premises in hotels and pubs, casinos, night clubs and hotels (*excluding accommodation*).
- Cinemas and entertainment venues.
- Real estate auctions and open house inspections (*private appointment for inspection allowed*).
- Auction houses.
- Community and recreation centres, health clubs, fitness centres, gyms, yoga, barre, spin facilities, saunas and wellness centres.
- Public swimming pools.
- Outdoor and indoor markets, although "major food markets" (*the prime minister cited Sydney's Flemington market as an*

COVID-19 ANNOUNCEMENT

example) will be addressed by states and territories.

- Amusement parks and arcades.
- Indoor and outdoor play centres.
- Galleries, museums, national institutions, historic sites, libraries and community centres.
- In-store beauty therapy, tanning, waxing, nail salons and tattoo parlours, spa and massage parlours and tattoo parlours (*excluding allied-health related services, such as physiotherapy*).
- Overseas travel (*with some exceptions such as essential work, aid workers and compassionate travel*).

2. Restricted:

- Hairdressers and barbers can continue the time the patron on the premises restricted to no more than 30 x minutes (*1 person per 4m applies*).
- Personal Training and Boot camps are restricted to 10 x people (*1 person per 4m applies*).
- Restaurants and cafes can offer delivery and takeaway only.
- Food courts in shopping centres may also only offer takeaway.
- Weddings restricted to 5 x people (*the couple, the celebrant and 2 x witnesses*).
- Funerals restricted to 10 x people.
- Visits to houses should be kept to a very small number of people, including for family barbecues and birthday parties (*States may choose to legislate to restrict house parties*).
- Caravan and Camping parks will be a decision for each state and territory.

3. Remaining Open:

- Supermarkets
- Banks
- Petrol Stations
- Pharmacies
- Convenience Stores
- Freight and Logistics
- Food Delivery
- Bottle Shops
- Medical Centres
- Shopping centres (*and other shops not specifically told to close*).
- Schools (*see below*)

Schools:

Information for school closures is determined on a state and territory level, and can be found here: [Department of Education website](#).

Interstate Travel:

More info on changed travel restrictions within Australia can be found on the [Department of Health website](#).

For additional information, you can access the [Department of Health website](#) and the [Prime Minister's Media Statement](#). Each individual State and Territory government will continue to announce specific restrictions which are application to each location.