

## COVID-19 Support for Businesses Quick Guide

The Australian Government is supporting Australian businesses to manage cash flow challenges and retain employees. Assistance includes cash flow support to businesses and temporary measures to provide relief for financially distressed businesses.

- JobKeeper payment
- Boosting cash flow for employers
- Temporary relief for financially distressed businesses
- Supporting apprentices and trainees
- Increasing the instant asset write-off

### JobKeeper Payment

Under the JobKeeper Payment, businesses impacted by the Coronavirus will be able to access a subsidy from the Government to continue paying their employees. Affected employers will be able to claim a fortnightly payment of \$1,500 per eligible employee from 30 March 2020, for a maximum period of 6 months with payment to be made in May and backdated to March 2020.

#### **Eligible employers:**

- Their business has a turnover of less than \$1 billion and their turnover has fallen by more than 30 per cent; or
- Their business has a turnover of \$1 billion or more and their turnover has fallen by more than 50 per cent; and
- The business is not subject to the Major Bank Levy.

#### **Eligible employees:**

- Are currently employed by the eligible employer (including those stood down or re-hired)
- Were employed by the employer at 1 March 2020
- Are full-time, part-time, or long-term casuals (a casual employed on a regular basis for longer than 12 months as at 1 March 2020)
- Are at least 16 years of age
- Are an Australian citizen, the holder of a permanent visa, or a Special Category (Subclass 444) Visa Holder; and
- Are not in receipt of a JobKeeper Payment from another employer.

#### **Application Process:**

- Initially, employers can register their interest in applying for the JobKeeper Payment via [ato.gov.au](https://ato.gov.au) from 30 March 2020. Subsequently, eligible employers will be able to apply for the scheme by means of an online application.
- Establish that their turnover has fallen in the relevant month or three months (depending on the natural activity statement reporting period of that business) relative to their turnover a year earlier
- Eligible employers will need to identify eligible employees for JobKeeper Payments and must provide monthly updates to the ATO
- Participating employers will be required to ensure eligible employees will receive, at a minimum, \$1,500 per fortnight, before tax. It will be up to the employer if they want to pay superannuation on any additional wage paid because of the JobKeeper Payment.

Refer to the following link for further information: <https://treasury.gov.au/coronavirus/jobkeeper>

## **Boosting Cash Flow for Employees**

The Government is enhancing the Boosting Cash Flow for Employers measure it announced on 12 March 2020. The Government is providing up to \$100,000 to eligible small and medium-sized businesses, and not-for-profits (NFPs) that employ people, with a minimum payment of \$20,000. These payments will help businesses and NFPs with their cash flow so they can keep operating, pay their rent, electricity and other bills and retain staff.

- Small and medium-sized business entities with aggregated annual turnover under \$50 million and that employ workers are eligible
- NFPs, including charities, with aggregated annual turnover under \$50 million and that employ workers will now also be eligible
- Under the enhanced scheme, employers will receive a payment equal to 100 per cent of their salary and wages withheld (up from 50 per cent), with the maximum payment being increased from \$25,000 to \$50,000
- In addition, the minimum payment is being increased from \$2,000 to \$10,000
- An additional payment is also being introduced in the July – October 2020 period.

Refer to the following link for further information (page 1):

[https://treasury.gov.au/sites/default/files/2020-03/Fact\\_sheet-Cash\\_flow\\_assistance\\_for\\_businesses\\_1.pdf](https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Cash_flow_assistance_for_businesses_1.pdf)

## **Temporary relief for financially distressed businesses**

The economic impacts of the Coronavirus and health measures to prevent its spread could see many otherwise profitable and viable businesses temporarily face financial distress. Safety net provided includes:

- A temporary increase in the threshold at which creditors can issue a statutory demand on a company and the time companies have to respond to statutory demands they receive
- A temporary increase in the threshold for a creditor to initiate bankruptcy proceedings, an increase in the time period for debtors to respond to a bankruptcy notice, and extending the period of protection a debtor receives after making a declaration of intention to present a debtor's petition
- Temporary relief for directors from any personal liability for trading while insolvent
- 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. lessen the threat of actions that could unnecessarily push them into insolvency and force the winding up of the business.
- The threshold for the minimum amount of debt required for a creditor to initiate bankruptcy proceedings against a debtor will temporarily increase from its current level of \$5,000 to \$20,000. This will apply for six months.

Refer to the following link for further information: [https://treasury.gov.au/sites/default/files/2020-03/Fact\\_sheet-Providing\\_temporary\\_relief\\_for\\_financially\\_distressed\\_businesses.pdf](https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Providing_temporary_relief_for_financially_distressed_businesses.pdf)

## **Supporting apprentices and trainees**

The Government is supporting small business to retain their apprentices and trainees.

- Eligible employers can apply for a wage subsidy of 50 per cent of the apprentice's or trainee's wage for 9 months from 1 January 2020 to 30 September 2020
- Where a small business is not able to retain an apprentice, the subsidy will be available to a new employer that employs that apprentice
- Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter)
- This measure will support up to 70,000 small businesses, employing around 117,000 apprentices.

Refer to the following link for further information (page 5):

[https://treasury.gov.au/sites/default/files/2020-03/Fact\\_sheet-Cash\\_flow\\_assistance\\_for\\_businesses\\_1.pdf](https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Cash_flow_assistance_for_businesses_1.pdf)

### **Increasing the instant asset write-off**

The Government is increasing the instant asset write-off threshold from \$30,000 to \$150,000 and expanding access to include businesses with aggregated annual turnover of less than \$500 million (up from \$50 million) until 30 June 2020.

The higher IAWO threshold provides cash flow benefits for businesses that will be able to immediately deduct purchases of eligible assets each costing less than \$150,000. The threshold applies on a per asset basis, so eligible businesses can immediately write-off multiple assets.

Refer to the following link for further information:

<https://treasury.gov.au/coronavirus/businesses#assetwriteoff>

*This is considered general information only and is not official advice from WentWest (operating as Western Sydney Primary Health Network).*

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