

# **Coronavirus economic stimulus package**

## **23 March 2020**

### **New announcements from the Federal Government.**

#### **Cash Flow boost for Employers**

The Government is providing up to \$100,000 to eligible small and medium sized businesses, and not-for-profits (including charities) that employ people, with a minimum payment of \$20,000. These payments are intended to boost cash flow.

#### **Financial assistance with wages**

Under the enhanced scheme from the first package, 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. The payment will be available from 28 April 2020.

The Government 's rationale behind linking the payments to business to staff wage tax withholdings, is that businesses will be incentivised to hold on to more of their workers.

The payments are tax free, there will be no new forms and payments will flow automatically through the ATO.

This measure will benefit around 690,000 businesses employing around 7.8 million people, and around 30,000 NFPs (including charities).

Small and medium business entities with aggregated annual turnover under \$50 million and that employ workers are eligible. NFPs entities, including charities, with aggregated annual turnover under \$50 million and that employ workers will now also be eligible. This will support employment at a time where NFPs are facing increasing demand for services.

An additional payment is also being made from 28 July 2020. Eligible entities will receive an additional payment equal to the total of all of the Boosting Cash Flow for Employers payments received.

## **Regulatory protection and financial support for businesses to stay in business**

### **Coronavirus SME Guarantee Scheme**

The Government will establish the Coronavirus SME Guarantee Scheme which will support small and medium enterprises (SMEs) to get access to working capital to help them get through the impact of the coronavirus.

Under the Scheme, the Government will guarantee 50 per cent of new loans issued by eligible lenders to SMEs.

The Government's support will enhance lenders' willingness and ability to provide credit to SMEs with the Scheme able to support \$40 billion of lending to SMEs.

The Scheme will complement the announcement the Government has made to cut red-tape to allow SMEs to get access to credit faster. It also complements announcements made by Australian banks to support small businesses with their existing loans.

This builds on the investment the Government is making to enable smaller lenders to continue supporting Australian consumers and small businesses, through providing the AOFM an investment capacity of \$15 billion to invest in wholesale funding markets used by small authorised deposit-taking institutions (ADI) and non-ADI lenders.

It further supports the Reserve Bank of Australia's announcement of a \$90 billion term funding facility for ns ADIs, that will reduce the cost of lending, with particular incentives to lend to small and medium enterprises.

The measures the Government is announcing today, along with the previous announcements, will deliver a total of \$125 billion to support Australians get through the impact of the coronavirus.

The Government will guarantee up to \$20 billion to support \$40 billion in SME loans.

### **Providing temporary relief for financially distressed businesses**

The Government is temporarily increasing 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. The package also includes temporary relief for directors from any personal liability for trading while insolvent. The Corporations Act 2001 will be amended to provide temporary and targeted relief for companies to deal with unforeseen events that arise as a result of the Coronavirus.

### **Sole Traders**

Sole traders and the self-employed impacted by the economic downturn triggered by the coronavirus will be able to access the jobseeker payment and the coronavirus supplement. Applicants will make a declaration to Centrelink that their business has been suspended or had turnover reduced significantly as a result of the downturn.

It's understood that sole traders that become eligible for the jobseeker payment will automatically meet their mutual obligation requirements during this period by continuing to develop and sustain their business.

### **Access to superannuation**

Under the changes announced in the second package, the government will allow individuals "in financial stress" as a result of the coronavirus downturn to have limited access to their superannuation savings.

The amount you can access will be capped at up to \$10,000 in 2019-20 and a further \$10,000 in 2020-21.

You will be able to access your super if you are unemployed or eligible to receive a jobseeker payment, youth allowance for jobseekers, parenting payment (which includes the single and partnered payments), special benefit or the farm household allowance.

Additionally, if after 1 January 2020 you were made redundant or your working hours were reduced by 20% or more you will also be granted access. Sole Traders can also be granted access to superannuation in some circumstances.

For more information, [contact us](#).