

The Australian Government released its [economic response to the COVID-19](#) on 12 March 2020.

TAX INCENTIVES FOR SMALL BUSINESS

Instant asset write-off increased

New or second-hand assets purchased or installed ready for use from 12 March through to 30 June 2020 will be immediately deductible if their cost is under \$150,000. This incentive has increased for businesses with annual turnover of less than \$500 million (up from the current turnover cap of \$50 million). This is a 'per asset' incentive, meaning multiple assets under the \$150,000 limit can be purchased.

From 1 July 2020, this threshold reduces to \$1,000 per asset. Businesses not entitled to the instant asset write-off receive a 50% investment incentive. This means that businesses that purchased assets outside of the thresholds after 12 March 2020 will receive an immediate 50% deduction on the cost of those new assets. Existing depreciation rules apply to the balance of the cost of the asset.

Please note: While increasing the instant asset write-off brings forward tax deductions for the cost of depreciating assets and encourages spending by profitable businesses, it provides no immediate support to loss-making businesses.

Cash flow boost for employers

Small and medium-sized businesses with an aggregated annual turnover of less than \$50 million that employ workers between 1 January 2020 and 30 June 2020, may be eligible for up to a \$25,000 tax-free payment. Eligible businesses will receive a payment equal to 50% of their PAYG withheld,

provided as a credit in their BAS from March to June 2020. There is a minimum \$2,000 payment and a cap of \$25,000.

Support for apprentices and trainees

Eligible small business employers are able to apply for a wage subsidisation of 50% of the apprentice or trainee's wage. The apprentice or trainee must have been in training as of 1 March 2020. Employers can access this subsidy 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.

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. This will be administered directly by the ATO.

ATO administrative concessions

In addition to the above, the ATO has also released a number of [administrative concessions](#) available to assist businesses that have been affected by COVID-

19. These include:

- Deferring by up to four months the payment date of amounts due through the business activity statement (including PAYG instalments), income tax assessments, fringe benefits tax assessments and excise
- Allow businesses on a quarterly reporting cycle to opt into monthly GST reporting in order to get quicker access to GST refunds they may be entitled to
- Allowing businesses to vary Pay As You Go (PAYG) instalment amounts to zero for the March 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 on or after 23 January 2020, that have been applied to tax liabilities
- Working with affected businesses to help them pay their existing and ongoing tax liabilities by allowing them to enter into low-interest payment plans.

It is important to note that employers are still required to meet their obligations in relation to superannuation guarantee for employees.

For further information, please click on this

link: <https://treasury.gov.au/coronavirus>