

SUMMARY OF THE GOVERNMENT'S ECONOMIC RESPONSE TO COVID-19

The Government's economic response addresses the economic impacts of the Coronavirus outbreak. It is intended to support confidence, employment and business continuity. It is designed to support business investment, help small businesses manage short-term cash flow challenges, provide targeted support to individuals and assistance to the most severely affected communities and regions.

1. Delivering support for business investment

The Government is backing businesses to invest to help the economy withstand and recover from the economic impact of the Coronavirus. The two business investment measures in this package are designed to assist Australian businesses and economic growth in the short term, and encourage a stronger economic recovery following the Coronavirus outbreak.

Increasing the instant asset write-off

From today, 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. In 2017-18 there were more than 360,000 businesses that benefited from the current instant asset write-off, claiming deductions to the value of over \$4 billion.

Backing business investment

The Government is introducing a time limited 15-month investment incentive (through to 30 June 2021) to support business investment and economic growth over the short term, by accelerating depreciation deductions. Businesses 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. These two measures will support over 3.5 million businesses (over 99 per cent of businesses) employing more than 9.7 million employees.

2. Cash flow assistance for businesses

This assistance will support businesses to manage cash flow challenges resulting from the economic impacts of the Coronavirus and help businesses retain their employees. These two measures are designed to support employing small and medium enterprises and to improve business confidence.

Boosting cash flow for employers

The Boosting Cash Flow for Employers measure will provide up to \$25,000 back to small and medium-sized businesses, with a minimum payment of \$2,000 for eligible businesses. The payment will provide cash flow support to businesses with a turnover of less than \$50 million that employ staff. The payment will be tax free. This measure will benefit around 690,000 businesses employing around 7.8 million people.

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 up to 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. This measure will support up to 70,000 small businesses, employing around 117,000 apprentices.

3. Stimulus payments to households to support growth

This measure will assist around 6.5 million lower income Australians, which will support confidence and domestic demand in the economy.

Stimulus payments

The Government will provide a one-off \$750 payment to social security, veteran and other income support recipients and eligible concession card holders. Around half of those that will benefit are pensioners. There will be one payment per eligible recipient. For example, if a person qualifies for the one-off payment in multiple ways, they will only receive one payment. The payment will be tax free and will not count as income for Social Security, Farm Household Allowance and Veteran payments.

4. Assistance for severely affected regions

This measure provides \$1 billion to support regions most significantly affected by the Coronavirus outbreak.

Support for Coronavirus-affected regions and communities

The Government has set aside \$1 billion to support those regions and communities that have been disproportionately affected by the economic impacts of the Coronavirus, including those heavily reliant on industries such as tourism, agriculture and education. This will include the waiver of fees and charges for tourism businesses that operate in the Great Barrier Reef Marine Park and the waiver of entry fees for Commonwealth National Parks. It will also include additional assistance to help businesses identify alternative export markets or supply chains. Targeted measures will also be developed to further promote domestic tourism. The Australian Tax Office (ATO) is also providing administrative relief for some tax obligations for people affected by the Coronavirus outbreak, on a case-by-case basis. The ATO will set up a temporary shop front in Cairns within the next few weeks with dedicated staff specialising in assisting small business. In addition, it will consider ways to enhance its presence in other significantly affected regions, making it easier for people to apply for relief. The ATO is considering further temporary shop fronts and face-to-face options.

PACKAGE IMPLEMENTATION

The Government will move quickly to implement this package. To that end, a package of Bills will be introduced into Parliament in the final Autumn sitting week in March 2020 for Parliament's urgent consideration and passage. Following passage of the Bills through Parliament, the Government will then move to immediately make, and register, any supporting instruments. FOR MORE INFORMATION For more information on the Australian Government's Economic Response to Coronavirus visit <https://treasury.gov.au/coronavirus> .

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