

17 March 2020

NAT 010/20

The Federal Government's Economic Response to the Coronavirus (COVID-19) pandemic

SUMMARY

On Thursday 12 March the Federal Government announced a set of measures aimed at protecting the economy by maintaining confidence, supporting investment and keeping people in jobs including by increasing cash on hand for many households and smaller businesses. The Economic Response targets four key areas:

- Delivering support for business investment;
- Cash flow assistance for employers (including to assist retain apprentices and trainees);
- Stimulus payments to households to support growth; and
- Assistance for severely affected regions.

The Government's overview of its Economic Response can be found [here](#).

Support for Business Investment

Two measures have been announced in relation to business investment.

Increasing access to instant asset write-off

For investments made between 12 March and 30 June 2020 businesses with annual turnover of less than \$500 million per annum can claim an immediate write of up to \$150,000 per asset.

Accelerated depreciation

For eligible investments acquired after 12 March 2020 and installed before 30 June 2021, businesses can, with turnover of less than \$500 million per annum, can claim 50 per cent of the cost of the eligible asset. Eligible assets are defined as plant, equipment and specified intangible assets, such as patents.

Further information about the business investment measures is available [here](#).

Cash flow assistance for smaller employers

Two measures have been announced in relation to boosting business cash flow.

General support for smaller employers

Businesses with annual turnover of less than \$50 million will receive up to 50 per cent of the costs of employee wages and salaries (up to a maximum of \$25,000 over six months) as a credit against their PAYG deductions in respect of their employees. A minimum of \$2,000 will be paid to all eligible employers including those without an obligation to deduct PAYG from wages or salaries.

The credit will be automatically spread over monthly or quarterly Business Activity Statements due between April and July 2020.

Support for employers with apprentices/ trainees

Eligible employers can apply for a wage subsidy of 50 per cent of the apprentice's or trainee's wage paid during the nine months from 1 January 2020 to 30 September 2020. Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter).

An eligible employer is one with fewer than 20 full-time employees and eligibility will apply in respect of apprentices or trainees in training with the employer as at 1 March 2020.

Where a small business is not able to retain an apprentice or trainee, the subsidy will be available to a new employer or Group Training Organisation (GTO) regardless of size.

The Government has also committed to support the National Apprentice Employment Network, to co-ordinate the re-employment of displaced apprentices and trainees.

Ai Group is part of the National Apprentice Employment Network and should your business be experiencing difficult times and you need assistance with redeployment of an apprentice please call us on 1300 761 944.

Further information about these measures is available [here](#).

Payments to households

To help support spending and activity, the Government will deliver payments of \$750 to around 6.5 million lower-income Australians, including families with children, pensioners, other social security and veteran income support recipients and eligible concession card holders. This is to help them through this uncertain time and support economic activity.

The one-off payment will be paid from 31 March 2020.

Regional assistance measures

The Government has set aside an initial \$1 billion allocation to support those regions and communities that have been disproportionately affected by the economic impacts of the Coronavirus such as those heavily reliant on tourism, agriculture and education.

This will include the waiver of the Environmental Management Charge 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.

The Minister for Trade, Tourism and Investment will work with affected industries and communities to develop recovery plans and measures.

Further information about the regional assistance measures are available [here](#).

Do you require further advice?

For further information or assistance, please contact the **Ai Group Workplace Advice Service** on 1300 55 66 77.



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