

## Stimulus relief package and what this could mean for you

A number of measures have been announced to support Australians and the economy in response to the Coronavirus (COVID-19). We have put together some information to summarise the key measures and to assist you in understanding the help that could be available to you.

### When will these announced measures be implemented?

The Government wishes to implement many of their stimulus measures as soon as possible and a package of Bills will be introduced into Parliament in the final Autumn sitting week (23 – 26 March 2020) as legislation needs to pass to give effect to these proposals. These Bills will provide more detail on the announced measures.

Outlined below is a summary of some of the key measures announced.

### Superannuation

#### Income stream minimum drawdown rates reduced

There will be a temporary reduction in the minimum annual amount that you are required to withdraw from your super income stream. The reduction in the minimum drawdown rates will apply for the duration of this current financial year 2019/2020 and for the 2020/2021 financial year.

Age at start of income stream and 1 July each year	Minimum pension payments	
	Current % of super income stream balance as at 30 June	New % of super income stream balance as at 30 June
Under 65	4.0%	2.0%
65-74	5.0%	2.5%
75-79	6.0%	3.0%
80-84	7.0%	3.5%
85-89	9.0%	4.5%
90-94	11.0%	5.5%
95+	14.0%	7.0%

**Case Study:** Jan is age 60 and has an account-based income stream with a balance of \$900,000 as at 1 July 2019. She currently draws payments of \$3,000 per month so will have drawn \$27,000 by the end of March. Under the new rules proposed above, Jan's minimum annual pension would be reduced to \$18,000 for the 2019/2020 financial year. Given she has already received more than this amount, Jan could elect to receive no extra payments for the remainder of the financial year if she wished.

As at 1 July 2020, Jan's account-based income stream had a balance of \$820,000. Under the new rules proposed above, Jan's minimum annual pension would be \$16,400 ( $\$820,000 \times 2\%$ ) for the 2020/2021 financial year.

## Access to superannuation savings

Access to superannuation savings will be broadened if you are in financial distress because of the Coronavirus and meet certain eligibility conditions. If you are eligible, you will be able to access up to \$10,000 before 30 June 2020 and an additional \$10,000 from 1 July 2020 for approximately 3 months (depending on the timing of legislation).

To be eligible, you must meet one of the following conditions:

- You are unemployed
- You are eligible to receive Jobseeker Payment, Youth Allowance, Parenting Payment, Special Benefit or Farm Household Allowance
- On or after 1 January 2020, you were made redundant, your hours of work reduced by at least 20%, or if you are a sole trader, your business was suspended, or your turnover reduced by at least 20%.

Applications will be through MyGov and you will need to certify that you meet one of the above eligibility requirements. Once the ATO confirms you are eligible, they will issue you and your superannuation fund with a determination and the payment will be made to you. If you have a self-managed superannuation fund, arrangements will differ.

Payments will be tax-free and amounts received will not impact Centrelink or DVA entitlements. It is expected that claims can be made from mid-April.

## Social Security

### Cash payments

Two payments of \$750 each will be paid to eligible income support recipients and concession card holders. The first tax-free payment will be available to eligible income support recipients as at 12 March 2020 and is expected to be paid to eligible recipients from 31 March 2020. The second payment will be paid from 13 July 2020.

Eligible income support recipients and concession card holders include people on the Age Pension, Newstart, the Disability Support Pension, Carers' Allowance, Youth Allowance, Veterans' Affairs payments, Family Tax Benefit and those holding a Pensioner Concession Card or Commonwealth Senior Health Card.

People who already receive these payments or hold these cards will get the cash automatically. You don't need to do anything. The payments won't be counted as income for social security payments, Farm Household Allowance and veterans' payments and will be tax exempt.

## Reduction in deeming rates

A further reduction in deeming rates was announced on 22 March. The deeming rates will reduce as follows:

	Current	From 1 May 2020
Lower deeming rate	1.0%	0.25%
Upper deeming rate	3.0%	2.25%

The deeming thresholds are unchanged at \$51,800 (single) and \$86,200 (couple) which are generally indexed on 1 July each year. The rates will take effect from 1 May 2020, and any additional entitlement will be paid from 1 May 2020.

## Business Investment

### Small business loans – relief package

Australian banks will provide support to eligible small businesses by deferring loan payments for up to 6 months, where assistance is required as a result of COVID-19.

### Coronavirus Guarantee Scheme

The scheme will provide a Government guarantee of 50% of the value of new loans issued by eligible lenders to small and medium sized businesses. The intention of this measure is to increase access to loans by businesses impacted by the Coronavirus.

### Additional lump sum payments to employers

Small and medium sized businesses and not-for-profit organisations that employ people will receive a payment of between \$20,000 and \$100,000 to assist with operating expenses.

The payment will be tax free and received as a credit on the business' activity statements by the ATO from 28 April 2020. The timing of the credit will vary depending on the required frequency of lodgement of activity statements (e.g. monthly or quarterly).

### Instant asset write-off

From 12 March 2020, the instant write-off threshold will increase from \$30,000 to \$150,000. It has also been broadened and will be available to businesses with an annual turnover of up to \$500 million for the current financial year (an increase from \$50 million). This applies to new or second-hand assets used or installed ready for use by 30 June 2020. The increased write-off threshold will apply on a per asset basis until 30 June 2020.

## Accelerated depreciation

Accelerated depreciation of 50% will apply to eligible assets until 30 June 2021. Eligible assets are those acquired after the announcement and are used or installed ready for use by 30 June 2020. However, it does not apply to second-hand assets, building or other capital works deductible under separate tax provisions. This concession will be available to business with aggregated turnover of less than \$500 million.

## Employers with apprentices and trainees

Eligible employers who employ apprentices or trainees as at 1 March 2020 can apply for a subsidy of 50% of the employee's wage. This applies for the period of 1 January – 30 September 2020. The maximum payment is \$21,000 per apprentice or trainee. An eligible employer must have less than 20 full-time employees. Eligible employers can register for the subsidy from early April 2020 and final claims for payments lodged by 31 December 2020.

## Other measures

Additional measures announced include:

- A supplement of \$550 per fortnight will be paid to new and existing recipients of Jobseeker Payment, Youth Allowance, Parenting Payment, Farm Household Allowance and Special Benefit from 27 April 2020 for the next 6 months.
- If you are unable to work, are in isolation or hospital, or you need to care for children as a result of COVID-19, you may be eligible to apply for a payment. If you apply for a social security benefit or concession card and your claim is related to COVID-19, some of the ordinary eligibility rules may be waived. Also, if you are an employee, and you are diagnosed with COVID-19 or are in isolation, you may be eligible for an income support payment if you have no employer leave entitlements.
- If you are already receiving a particular benefit or payment and your circumstances change due to COVID-19, your benefit may remain unchanged. All changes however must be reported to Centrelink or DVA.
- Waiting periods that apply to some Centrelink payments will be waived when you are claiming because you are impacted by COVID-19.
- Support for regions and communities impacted by the virus with reliance on tourism, agriculture and education • Administrative relief provided by the ATO for certain tax obligations, such as lodging tax returns and activity statements, which will be assessed based on individual circumstances, and
- Comprehensive health package of \$2.4 billion.

## Next steps

If you would like to discuss any of these proposed measures in more detail, we recommend you contact our office and speak with your financial adviser.

Any advice provided in this update is of a general nature only. It does not take into account your objectives, financial situation or needs. Please seek personal advice before making a decision about a financial product. Information in this document is current as at 22 March 2020. Case studies are for illustration purposes only.