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Coronavirus - Stimulus Package No. 2

Please click the link below for details of the second stimulus package announced this morning by the Federal Government.

[Coronavirus Stimulus Package No. 2 - announced 22 March 2020](#)

Should you wish to discuss any of this information, please contact our office on 9754 4499.

We are also offering alternatives to face-to-face in office meetings via Facetime/Skype/Phone conference.

Should you wish to take up such an alternative, please contact **Jess** to re-schedule the delivery method of your meeting.



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Coronavirus Stimulus Package No .2 – announced 22 March 2020

Support for Business

1. Boosting Cash Flow for Employers

NOTE: - THIS IS AN ENHANCED SCHEME of the PAYG wages tax credits announced in Stimulus Package No.1 on 12 March 2020.

Businesses (and Not-for-profits) with a turnover under \$50 million will receive a tax-free cash payment of up to \$100,000, with a minimum payment of \$20,000 for eligible businesses whom employ staff.

- A. Employers will receive a payment equal to 100% of their PAYG wages tax withheld (up from 50%) with the maximum payment being increased from \$25,000 to \$50,000.
- B. The minimum payment is being increased from \$2,000 to \$10,000.
- C. The 1st payment will be available from 28 April 2020 after lodgement of the Employer's March 2020 BAS.
- D. The final payment will be available from 28 July 2020 and will be an additional payment equal to the total of all of the Boosting Cash Flow for Employers payments received.
- E. The Credits apply differently for Monthly vs Quarterly BAS lodgers - (details yet to be announced).

The payments are **TAX FREE**.

The payments will be delivered by the Tax Office as a credit on activity statement accounts from late April 2020.

This will be automatically delivered. There is no need to apply for this.

NOTE ABOVE: - THIS IS AN ENHANCED SCHEME of the PAYG wages tax credits announced in Stimulus Package No.1 on 12 March 2020.

Please **contact us** if you need assistance in calculating/determining how this Enhanced PAYG Wages Tax Credit System may operate for your business.

2. Coronavirus Bank Loan Guarantee Scheme

The Commonwealth Government is offering to guarantee unsecured loans of up to \$250,000 for up to 3 years.

Under the Scheme, the Government will guarantee 50% of new loans issued by eligible lenders to Small & Medium Enterprises.

- A. Loans will be used for working capital and be unsecured. (Being unsecured will ensure that your Equity is not required for this part of the loan).
- B. The guarantee will cover loans granted within six months, from 1 April 2020.
- C. It will apply to new or existing customers of banks and non-bank lenders.

- D. Lenders will not be charged a fee for accessing the scheme, and it will be repayment-free for 6 months.
- E. The maximum loan will be \$250,000, for a term of up to three years.
- F. The scheme will not apply to re-financing existing customers – they will benefit from the banks' announcement of last week to apply to defer repayments up to 6 months.

Support for workers and households

1. Access to superannuation

The Government will allow individuals in financial stress as a result of the Coronavirus to access up to \$10,000 from their superannuation this 2020FY and in next 2021FY.

This will be classified as Tax Free, so people will not pay tax on the money they access and withdrawals will not affect Centrelink or veterans' payments.

Eligible individuals will be able to apply online through their own myGov account before 1 July 2020.

2. Temporarily reduce superannuation minimum drawdown rates

There will also be a temporary 50-per-cent reduction in superannuation minimum drawdown requirements for account-based pensions in 2020FY and in next 2021FY.

e.g. the minimum 4% pa super pension withdrawals will drop to 2% minimum effective from 1 July 2019.

We will contact all SMSF's with account-based super pensions holders and advise the new minimums required this 2020FY.

This may ease the need to draw any further monies out of your SMSF before 30 June 2020.

3. Coronavirus supplement – Centrelink recipients

The Government is temporarily expanding eligibility to income support payments and establishing a new, time-limited Coronavirus supplement to be paid at a rate of \$550 per fortnight.

This will be paid to both existing and new recipients of the:

- JobSeeker Payment
- Youth Allowance jobseeker
- Parenting Payment
- Farm Household Allowance and Special Benefit.

The Coronavirus supplement will be paid for the next 6 months.

Eligible income support recipients will receive the full amount of the \$550 Coronavirus supplement on top of their payment each fortnight.

4. Payments to support households – pensioners

In addition to the \$750 stimulus payment announced on 12 March 2020, the Government will provide a further \$750 payment to :

- social security and veteran income support recipients and
- eligible concession card holders,
- except for those who are receiving an income support payment that is eligible to receive the above Coronavirus supplement.

This second payment will be made automatically from 13 July 2020.

The first payment will be made from 31 March 2020 to people who will have been on one of the eligible payments any time between 12 March 2020 and 13 April 2020.

5. Reducing social security deeming rates

On top of the deeming rate changes made at the time of the first package, the Government is reducing the deeming rates by a further 0.25% to reflect the latest rate reductions by the RBA.

As of 1 May 2020, the lower deeming rate will be 0.25% and the upper deeming rate will be 2.25%.

Please **contact us** if you need assistance with any of the above.

More practical details will follow as released by the Federal Government.



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