

Extract:

Fresh \$66bn package reveals bigger cash payments, access to super

Larger cash payments to small businesses and temporary access to superannuation have now been revealed in the second tranche of the government's economic support package in response to the coronavirus threat.

Tax & Compliance Jotham Lian 23 March 2020

SME cash payments

The second stimulus package will now build on the initial tax-free cash payments to small and medium businesses, rising to up to \$100,000, with a minimum payment of \$20,000, up from the previously announced \$25,000 and \$2,000 limits. The measure, which will be available to entities with aggregated annual turnover under \$50 million that employs workers, has also now been extended to not-for-profits and charities.

The enhanced scheme will be delivered in two phases- firstly, with employers set to receive a first payment equal to 100 per cent of their salary and wages withheld, up to a maximum of \$50,000, when businesses lodge their activity statements for the 28 April and 28 July quarterly due dates.

Eligible businesses that pay salary and wages will receive a minimum payment of \$10,000, even if they are not required to withhold tax.

Secondly, an additional payment equal to the first payment will be made after businesses lodge their BAS by the 28 July and 28 October quarterly due dates.

For example, a business that receives \$50,000 for the period up to June, will subsequently receive another \$50,000 for the period up to September upon lodgment of their BAS

Monthly BAS lodgers will receive the first payment for the March 2020, April 2020, May 2020 and June 2020 lodgments, with a 300 per cent calculation in the March activity statement to provide the same treatment as quarterly lodgers.

The second payment for monthly BAS lodgers will be released once they lodge their June 2020, July 2020, August 2020 and September 2020 lodgments.

All entities are required to be active to receive the payment, with the measure set to benefit around 690,000 businesses employing around 7.8 million people, and around 30,000 NFPs.

The expanded scheme is estimated to cost \$31.9 billion over the forward estimates period.

Sole trader support

The government will establish a new \$550 fortnightly coronavirus supplement payment.

Permanent employees who are stood down or lose their employment; sole traders; the self-employed; casual workers; and contract workers will be able to access the new coronavirus supplement under expanded access to the Jobseeker Payment, formerly known as Newstart.

The supplement will also be paid to both existing and new recipients of the JobSeeker Payment, Youth Allowance jobseeker, Parenting Payment, Farm Household Allowance and Special Benefit.

The payments, set to commence for 27 April, are expected to cost the budget \$14.1 billion.

Access to superannuation

Employees who have been made redundant, or those who have their working hours reduced by 20 per cent or more, or sole traders whose businesses have been suspended or see a reduction in turnover by 20 per cent or more will also now be allowed to access up to \$20,000 of their superannuation.

Eligible individuals will be able to apply online through myGov to access up to \$10,000 of their superannuation before 1 July 2020, and be able to access up to a further \$10,000 from 1 July 2020 for approximately three months.

The government will also reduce the minimum drawdown requirements for account based pensions and similar products by 50 per cent for the 2019-20 and 2020-21 income years.

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