

NECA MEMBER COVID-19 UPDATE

LATEST FEDERAL ANNOUNCEMENTS

1. JOBKEEPER CHANGES ANNOUNCED

The Federal Government has extended JobKeeper arrangements, and these will remain available for eligible employers until 28 March 2021.

The Government has confirmed that current JobKeeper arrangements will operate at the current single rate of \$1500 per fortnight until 28 September. After this date JobKeeper will operate with a two-tiered payment system.

As the economy reopens the payment will be tapered in the December and March quarters to encourage businesses to adjust to the new environment, supporting a gradual transition to economic recovery, while ensuring those businesses who most need support continue to receive it.

A two-tiered payment will also be introduced from 28 September, to better align the payment with the incomes of employees before the onset of the COVID-19 pandemic. Employees who were employed for less than 20 hours a week on average in the four weekly pay periods ending before 1 March 2020 will receive the lower payment rate.

JobKeeper Payment rates from 28 September 2020 to 28 March 2021:

Date	Full rate per fortnight	Less than 20hrs worked per fortnight rate
28 September 2020 to 3 January 2021	\$1,200 (for those employees who averaged in February 2020 more than 20 hours per week)	\$750 (for those employees who averaged in February 2020 less than 20 hours per week)
4 January 2021 to 28 March 2021	\$1,000	\$650

From 28 September 2020, businesses will be required to reassess their eligibility by reference to their actual June and September quarter turnovers to demonstrate that they have suffered an ongoing significant decline in turnover. Organisations will need to demonstrate that they have experienced the relevant decline in turnover in both of those quarters to be eligible for the JobKeeper Payment in the December quarter.

Employers will need to again reassess their eligibility for the JobKeeper Payment for the March quarter. Employers will need to demonstrate that they have met the relevant decline in actual turnover in each of the previous three quarters ending on 31 December 2020 to remain eligible for the JobKeeper Payment in the March quarter 2021.

For more information: <https://treasury.gov.au/coronavirus/jobkeeper/extension>

2. EXTENSION OF COVID-19 SUPPLEMENT

The Government will extend the payment period of the temporary Coronavirus Supplement for those on income support from 25 September 2020 to 31 December 2020.

As the economy reopens, the Coronavirus Supplement will be extended at the rate of \$250 per fortnight. The extended Coronavirus Supplement reflects the gradually improving economic and labour market conditions and is designed to ensure there are appropriate incentives for all payment recipients to seek out employment or study opportunities.

Both existing and new income support recipients will continue to be paid the Coronavirus Supplement.

The Government will also ensure income support is appropriately targeted as the economy recovers by reintroducing a range of means testing arrangements.

For more information: https://treasury.gov.au/sites/default/files/2020-07/Fact_sheet-Income_Support_for_Individuals.pdf

3. DELIVERING SUPPORT FOR BUSINESS INVESTMENT

Increasing the instant asset write off

From 12 March 2020, the Federal Government increased the instant asset write off (IAWO) threshold from \$30,000 to \$150,000 and expanded access to include all 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 IAWO, claiming deductions to the value of over \$4 billion.

On 9 June 2020, the Government announced it would extend the \$150,000 instant asset write-off by six months until 31 December 2020 to give eligible businesses additional time to invest. This extension has been legislated.

For more information: https://treasury.gov.au/sites/default/files/2020-07/Fact_Sheet-Delivering_support_for_business_investment.pdf

Backing business investment (BBI)

The Federal Government is introducing a time limited 15 month investment incentive to support business investment and economic growth over the short-term, by accelerating depreciation deductions.

The key features of the incentive are:

- benefit — deduction of 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;
- eligible businesses — businesses with aggregated turnover below \$500 million; and
- eligible assets — new assets that can be depreciated under Division 40 of the Income Tax Assessment Act 1997 (that is, plant, equipment and specified intangible assets, such as patents) acquired after announcement and first used or installed by 30 June 2021. Does not apply to second-hand Division 40 assets, or buildings and other capital works depreciable under Division 43.

For more information: https://treasury.gov.au/sites/default/files/2020-07/Fact_Sheet-Delivering_support_for_business_investment.pdf

4. SUPPORT FOR IMMEDIATE CASH FLOW NEEDS FOR SMES

Coronavirus SME Guarantee Scheme

The Federal Government, Reserve Bank of Australia and the Australian Prudential Regulation Authority have taken coordinated action to support the flow of credit in the Australian economy, in particular for small and medium enterprises (SMEs).

Under the Coronavirus SME Guarantee Scheme, the Government is providing a guarantee of 50 per cent to SME lenders for new unsecured loans to be used for working capital. This has enhanced lenders' willingness and ability to provide credit, which will result in SMEs being able to access additional funding to help support them through the upcoming months.

Eligible lenders are currently offering guaranteed loans up to 30 September 2020 on the following terms:

- SMEs, including sole traders and not-for-profits, with a turnover of up to \$50 million
- Maximum total size of loans of \$250,000 per borrower.
- Loans will be up for to three years, with an initial six month repayment holiday.
- Unsecured finance, meaning that borrowers will not have to provide an asset as security for the loan.

As the economy continues to open up, the Government will extend the Scheme to help businesses come out of hibernation and recover. The extended Scheme will continue to support lenders' ability to provide credit and ensure that SMEs benefit through lower interest rates.

From 1 October 2020, eligible lenders will be able to offer loans during this next phase on the same terms as the current Scheme with the following enhancements:

- Loans can be used for a broader range of business purposes, including to support investment.
- The maximum size of the loans will be increased to \$1 million per borrower.
- Loans can be up to 5 years rather than 3 years and whether there will be a six month repayment holiday will be at the discretion of the lender.
- A loan can be either unsecured or secured (excluding commercial or residential property).

These loans will be available for loans made until 30 June 2021.

Loans will continue to be subject to lenders' credit assessment processes with the expectation that lenders will look through the cycle to sensibly take into account the uncertainty of the current economic conditions.

Access to credit

The Government has provided an exemption from responsible lending obligations for lenders providing credit to existing small business customers. This exemption is for six months, and applies to any credit for business purposes, including new credit, credit limit increases and credit variations and restructures.

Responsible lending obligations do not currently apply to lending which is predominantly for a business purpose, but it can take time and effort for lenders to be satisfied that the money borrowed meets this test. A temporary exemption from responsible lending obligations, will help small businesses get access to credit quickly and efficiently.

For more information: https://treasury.gov.au/sites/default/files/2020-07/Fact_sheet-Supporting_the_flow_of_credit.pdf

LATEST STATE AND TERRITORY ANNOUNCEMENTS

Contact your local NECA Chapter website for regular updates.