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“The Morrison Government has announced the release of a \$17.6 billion coronavirus stimulus package.”

1. WHAT IS COVID-19?

COVID-19 is a coronavirus strand and severe acute respiratory virus first discovered in December 2019 in Wuhan, China. Since then, the virus has spread to countries all over the world, including Australia, and has been classified as a pandemic by the World Health Organisation.

While the COVID-19 mortality rate hovers at a global average of 3-4%, it is not to be taken lightly as the virus poses a great threat to older populations and those with underlying medical problems such as diabetes, heart failure, and other serious health matters. With the virus slowing economic activity, governments around the world have aimed to create policies that will help strengthen their economies at a time of crisis and recession.

2. WHAT IS THE AUSTRALIAN GOVERNMENT DOING ABOUT THE SITUATION?

As a result of COVID-19 and its potential impact on Australia's already slowing economy, the Morrison Government has announced the release of a \$17.6 billion coronavirus stimulus package.

\$11 billion is scheduled to be injected into the economy by July 2020 in the hope of an immediate upturn in economic activity in Australia. A notable feature in the stimulus package is its tax relief and asset write-off expansions for small businesses, tax-free payments to pensioners and welfare recipients, and funds to support businesses in retaining apprentices.

The Government has also separately announced a \$2.4 billion COVID-19 health package which is set to create up to 100 pop-up fever clinics and a Medicare item for telehealth consultations aimed at slowing the spread of COVID-19.

3. WILL THE STIMULUS PACKAGE AFFECT INDIVIDUALS AND HOUSEHOLDS?

Pensioners and welfare recipients will be provided with tax-free payments of \$750 starting from 31 March 2020. This is aimed at

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helping them through the COVID-19 crisis and boosting economic activity. The payments will be given to around 6.5 million lower income Australians, totalling to a \$4.67 billion budget.

The payments will automatically be made to social security, veteran and income support recipients including old-age pensions, carers, disabled pensioners, youth allowance recipients as well as family units receiving family tax benefits.



4. WILL THE PACKAGE OFFER SUPPORT FOR YOUR BUSINESS?

The Federal Government's stimulus package aims to encourage business spending in an effort to increase cash flow, stave off an economic recession, boost consumption and protect employment.

The stimulus package will increase the instant asset write-off threshold from the previous. This change will apply for businesses with an aggregated turnover of less than \$50 million from 12 March 2020 until 30 June 2020.

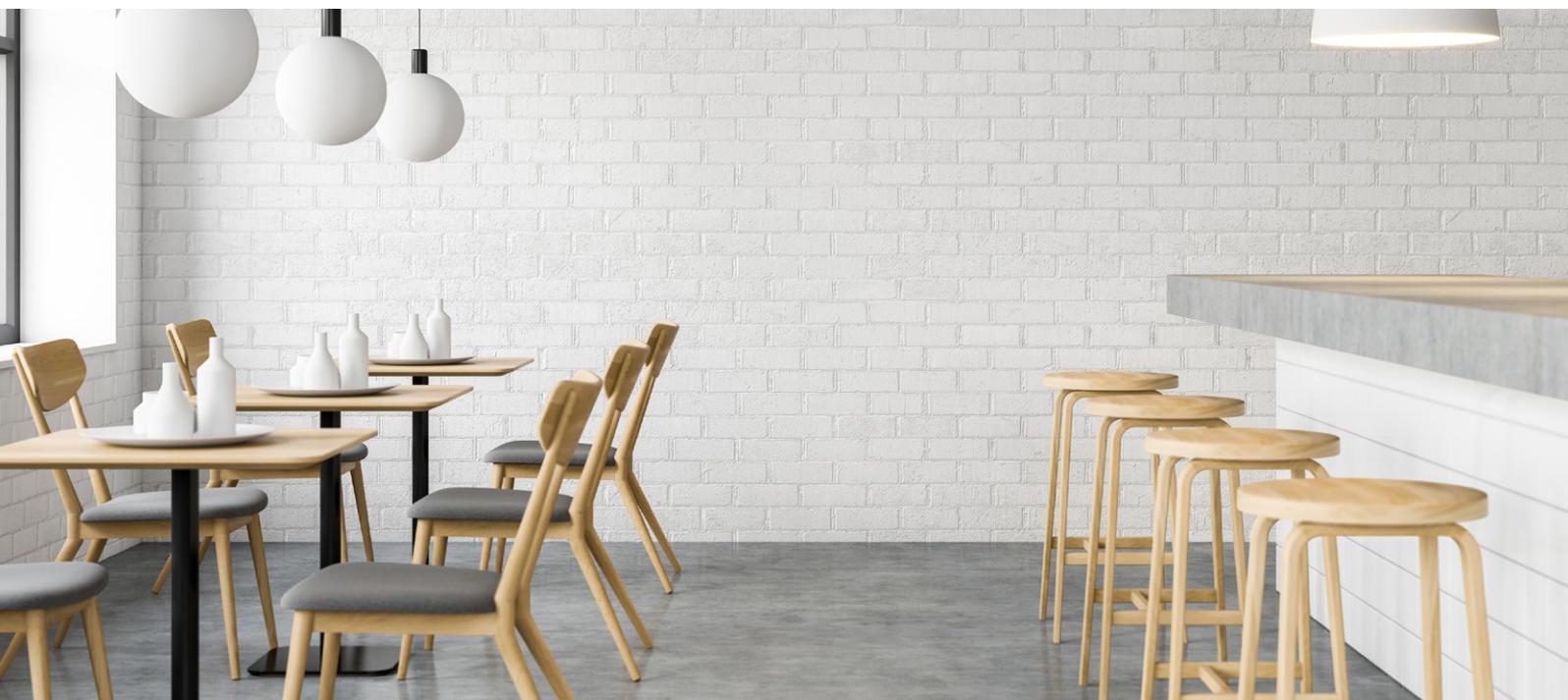
Up to 700,000 small businesses will also benefit from the package's payments. Businesses will receive these payments based on their PAYG withholding obligations, starting from \$2,000 to \$25,000. These payments make up \$6.7 billion of the package and will assist businesses in paying wages and employing extra staff.

Businesses employing apprentices will also largely benefit from the Federal Government's stimulus

package. As part of the package, 117,000 apprentices will be supported by the Government with its \$1.3 billion funds in wage subsidies. Employers with apprentices in jobs over nine months will receive the funds and small businesses with 20 or fewer employees can use them to retain their existing apprentices and hire new ones.

Small businesses will receive a maximum of \$21,000 per apprentice, amounting to a 50% wage subsidy for apprentices or trainees for up to nine months starting from 1 January 2020 to 30 September 2020. In the event that an employer is unable to retain an apprentice, the subsidy will be transferred to a new employer who will employ the apprentice.

Recent apprenticeship rule changes have also meant that there will be no financial penalties if apprenticeships get delayed because of issues caused by COVID-19. Breaking in learning (BIL) rules have also been loosened and providers will no longer be fined in BIL cases.



5. IS ANY TAX SUPPORT FOR BUSINESSES INCLUDED IN THE PACKAGE?

As a result of the negative economic impacts of the coronavirus, the ATO is showing greater leniency to tax debt deferment requests from small businesses who are up to date with their tax returns and Business Activity Statements (BAS) and have a plan of when tax payments will likely return to normal.

The ATO is also offering administrative relief for certain tax obligations for those in regions affected by COVID-19 on a case-by-case basis. Currently, the ATO are working with other government agencies and local organisations to alleviate the tax strain on impacted communities. This includes a temporary shop front in Cairns dedicated to helping small businesses, with additional shop fronts in other regions also being considered.

6. WHAT ARE YOUR WHS OBLIGATIONS?

Works Health and Safety (WHS) laws require a person conducting a business or undertaking (PCBU) to ensure the health and safety of their workers and others at the workplace. WHS laws also require PCBUs to identify any coronavirus-related hazards and their associated risks in the workplace and to undertake reasonably practicable measures to eliminate or minimise those risks.

Businesses who physically interact with their customers and clients should review their infection control policies and procedures and to take extra care to implement safe systems of work. Workers also have WHS obligations to protect themselves and others and if they believe they are at risk of infection, they should raise the issue with their manager or WHS representative.

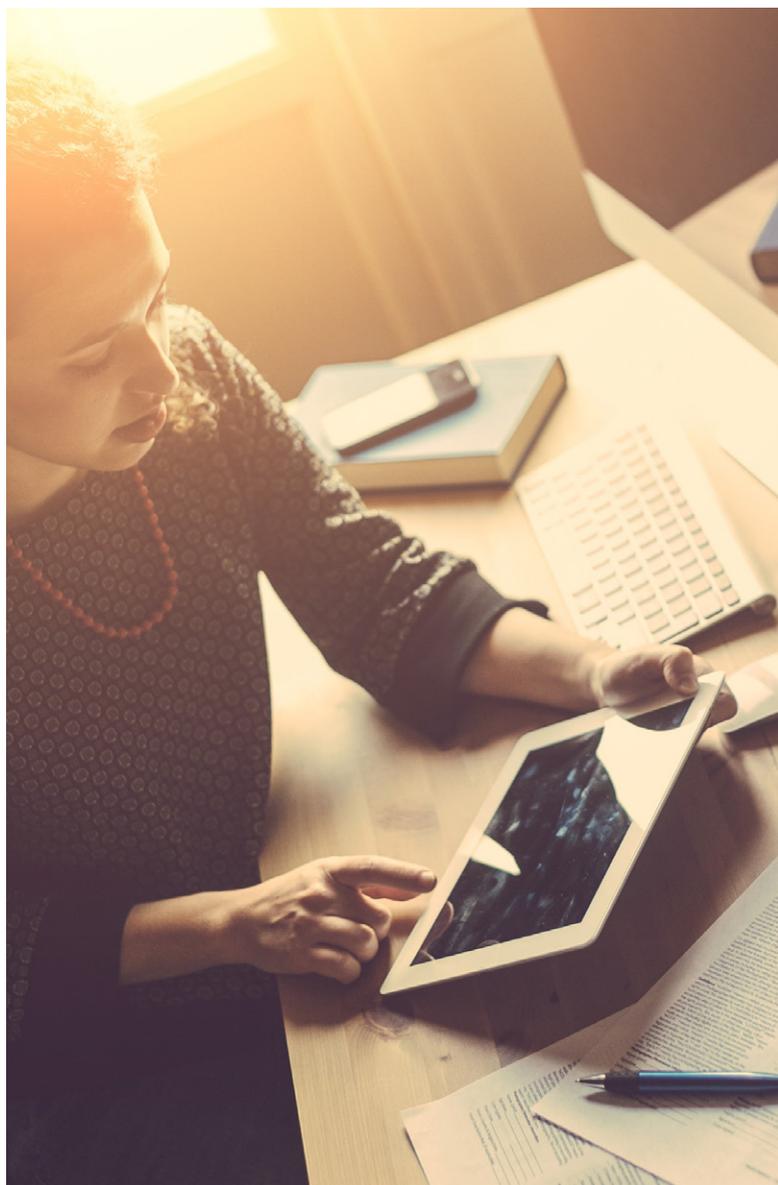
7. WHAT'S NEXT FOR YOUR BUSINESS?

Businesses should consider implementing some structural changes and preventative measures to their workplace to protect the safety of employees and minimise the risk of the coronavirus spreading. Here are some suggestions:

- Allowing employees to work from home and providing them with the resources to do so (e.g. VPN, computers, etc.).
- Becoming more flexible with working hours and dividing employees into different time slots to avoid contagion.

- Promote frequent and methodical handwashing. Consider putting up posters on how to wash your hands properly.
- Practicing social distancing (e.g. no handshaking)
- Encourage staff to sneeze or cough into their elbow rather than their hand.
- Reviewing insurances for staff required to travel (domestically and internationally).

With fears of COVID-19 on the rise and more people choosing to drive over using public transport, problems of traffic congestion and lack of parking are likely to arise. This will also pose as a significant problem for companies specialising in delivery services. It is thus important to recognise these flow-on effects as a result of the coronavirus and remain flexible with your daily business operations.



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FINANCIAL REVIEW

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