

RESTAURANT & CATERING AUSTRALIA

FEDERAL GOVERNMENT STIMULUS PLAN — 13 March 2020

Support for business investment

Increasing the Instant Asset Write-off

- Increasing the instant asset write-off for investments up to \$150,000 (a 5-fold increase) made before 30 June 2020, for businesses with a turnover of less than \$500 million (a ten-fold increase).

Accelerated depreciation deductions

- Providing businesses with a 50% depreciation deduction in the year of installation for eligible assets purchased up to 30 June 2021, with existing depreciation rules applying to the balance of the asset's cost.

However, It is important to note the very short window of opportunity to take advantage of the instant asset write-off, as it will expire on 30 June 2020. This is the same timing as the existing arrangement is set to expire. After 30 June 2020, the arrangement will revert to an instant asset write-off for purchases Federal Government's CoViD19 Economic Stimulus Package under \$1,000, with all other purchases deducted under normal depreciation schedules, which depend on the normal operating life of the asset.

Cash flow assistance for business

Boosting cashflow for employers

- Grants of between \$2,000 and \$25,000 for SMEs with turnover up to \$50 million, to assist with cashflow the needed to maintain operations and to continue to employ staff.

Supporting apprentices and trainees

- Wage subsidies of up to 50% of an apprentice's and trainee's wage for up to 9 months from 1 Jan to 30 Sept 2020, up to a maximum of \$21,000 per apprentice/trainee. Where an employer is not able to retain an apprentice, the subsidy will be available to the new employer of the apprentice.

The grants will help business with cashflow over the next three months, to ensure they are viable and well positioned to ramp back up to their full production/capability once the CoViD19 crisis has passed.

The wage subsidies will be provided through the National Apprentice Employment Network. The subsidy is available to small businesses employing fewer than 20 full-time employees who retain an apprentice or trainee. The apprentice or trainee must have been in training as at 1 March 2020. Employers of any size and Group Training Organisations that re-engage an eligible out-of-trade apprentice or trainee will be eligible for the subsidy.

The SME grants, along with the wage subsidies for apprentices and trainees, will encourage businesses to hold on to workers, keeping them in a paid job. This will reduce the number of workers that are laid off. It will also by enable business to maintain skilled staff over the next 6 months or more, ensuring they are better position to return to normal operations once the current crisis has passed.

The grants will be credited based on a business' Business Activity Statement, with businesses eligible for 50% of the BAS amount withheld up to \$25,000. If the amount of BAS withheld is less than \$2,000, the business will get \$2,000. Businesses must be a wage or salary payer.

Delivering the grants and subsidies through the tax system, will minimise paperwork and red-tape for businesses to access the grants – as the required information in terms of business turnover, expenditure, staff numbers, etc. is already held by the ATO in the business' BAS – making it much quicker and easier for the government to get this money out the door to business.

Payments to Households

Stimulus payments

- One-off direct payment of \$750 to social security (i.e. pensioners and NewStart recipients), veterans and other income support recipients (i.e. farm household allowance).

This is targeted at those on the lowest disposable income that are the most likely to spend any increase in income immediately. It will give them the confidence to spend now rather than save, providing a direct stimulus — particularly to small business and the retail sector, where the bulk of this money will be spent.

Assistance to severely affected regions

Support for affected regions and communities

- \$1 billion to support regions worst affected by the economic impacts of CoViD19.

This will include a waiver of fees and charges for tourism businesses accessing national parks and other Federal Government administered sites.

It also includes assistance to affected businesses, including those reliant on tourism, agriculture and education, to identify alternative export markets or supply chains. This will encourage businesses to diversify beyond China, which currently represents between a third and half of international demand in these sectors.

Additional, targeted measures will be developed to further promote domestic tourism, suggesting an expansion of the advertising and marketing program begun following the bushfires. The ATO is also providing administrative relief for some tax obligations, on a case-by-case basis, with dedicated staff specialising in assisting small business.