

**COVID-19
ALERT**[CONTACT US](#)[FORWARD](#)[WEBSITE](#)**Australian Government Passes A\$189 Billion Coronavirus Economic Response Package | Support for Businesses**

On 23 March 2020, the Australian Federal Government passed through Parliament a series of Bills to give effect to an A\$189 billion Coronavirus Response Package. On 24 March 2020, these Bills received Royal Assent, putting the vast majority of amendments underpinning the Coronavirus Response Package in force. We provide an outline of the components of the package that support businesses below.

Delivering Support for Business Investment

Aim of Aid	Description	How to Apply
Increasing the Instant Asset Write-Off	The Government has increased the instant asset write-off threshold from A\$30,000 to A\$150,000 and expanded access to include businesses with aggregated annual turnover of less than A\$500 million (up from A\$50 million) until 30 June 2020. <i>(Immediately with deductions to be included in 2019/20 tax returns, until 30 June 2020)</i>	Instant asset write-off can be used for both new and second-hand assets but there are a small number of assets that are excluded . Instructions on how to apply have not yet been released.
Business Investment Incentive	The Government is introducing a time limited 15 month investment incentive (through to 30 June 2021) to support business investment and economic growth over the short term, by accelerating depreciation deductions. Businesses with a turnover of less than A\$500 million will be able to deduct 50% of the cost of an eligible asset on installation, with existing depreciation rules applying to the balance of the asset's cost. <i>(Immediately with deductions to be included in 2019/20 tax returns, until 30 June 2021)</i>	Eligible Assets include new assets that can be depreciated under Division 40 of the <i>Income Tax Assessment Act 1997</i> (Cth) (i.e. plant, equipment and specified intangible assets, such as patents) acquired after announcement and first used or installed by 30 June 2021. Instructions on how to apply have not yet been released.
ATO Administrative Relief	The ATO will provide administrative relief for certain tax obligations for taxpayers affected by the Coronavirus outbreak. This includes the ability to defer payment of certain taxes up to 6 months, and allowing businesses to vary pay as you go instalment amounts to zero for the March 2020 quarter. Businesses that vary to zero can claim a refund for any instalments made for the September 2019 and December 2019 quarters. Certain relief may also be available allowing businesses with a GST turnover of < A\$20m million to change to monthly BAS reporting to access BAS refunds faster (companies with GST turnover over A\$20 million will already be reporting monthly). If a taxpayer is affected by COVID-19 the ATO will consider remitting interest and penalties incurred after 23 January 2020. If the taxpayer needs help to pay existing and ongoing tax liabilities (and is affected by COVID-19), the ATO will also consider requests to enter into a low interest payment plan for those tax liabilities.	Administrative relief will be provided by the ATO on a case-by-case basis. All taxpayers affected by the coronavirus outbreak can contact the ATO for assistance on 1800 806 218 or visit the ATO Website for further information.

Cash Flow Assistance for Businesses

Aim of Aid	Description	How to Apply
Boosting Cash Flow for Employers	Between A\$20,000 and A\$100,000 will be made available to eligible small and medium-sized enterprises (SMEs) and not-for-profits (including charities). SMEs and not-for-profits with aggregated turnover under A\$50 million that employ workers are eligible. Employers will receive a payment equal to 100% of the amount withheld on employee salary and wages, with a maximum payment of A\$50,000. An additional payment, equal to the total of all of the "Boosting Cash Flow for Employers" payments an employer receives, will be introduced in the July - October 2020 period. <i>(Payments from 28 April 2020, additional payments from 21 July 2020).</i>	To apply, an eligible business needs to lodge their Business Activity Statement (BAS). When a business registers for an Australian business number (ABN) and GST, the Australian Tax Office (ATO) will automatically send them a BAS when it is time to lodge. Instructions on how to lodge a BAS can be found here . The payment will be delivered by the ATO as a credit in the activity statement from 28 April 2020 upon a business lodging eligible upcoming activity statements. <ul style="list-style-type: none">Eligible businesses that withhold tax to the ATO on their employees' salary and wages will receive a payment equal to 50% of the amount withheld, up to a maximum payment of A\$25,000.Eligible businesses that pay salary and wages will receive a minimum payment of A\$2,000, even if they are not required to withhold tax. To qualify for the additional payment, the business must continue to be active.
Supporting Apprentices and Trainees	Eligible employers can apply for a wage subsidy of 50% of the apprentice's or trainee's wage for up to 9 months from 1 January 2020 to 30 September 2020. Where a small business is not able to retain an apprentice, the subsidy will be available to a new employer that employs the apprentice. Employers will be reimbursed up to a maximum of A\$21,000 per eligible apprentice or trainee.	Employers will be able to access the subsidy after an eligibility assessment is undertaken by an Australian Apprenticeship Support Network (AASN) provider. Employers can register for the subsidy from early April 2020. Final claims for payment must be lodged by 31 December 2020. <i>The Queensland and Tasmanian governments have also announced loan facilities to support businesses impacted by COVID-19 retain employees and maintain their operations. See details outlined under "State and Territory Specific Grants and Assistance" below.</i>
JobKeeper Payment for Employers and Employees	Under the JobKeeper Payment, businesses impacted by the Coronavirus will be able to access a subsidy from the Government to continue paying their employees. Affected employers will be able to claim a fortnightly payment of A\$1,500 per eligible employee from 30 March 2020, for a maximum of 6 months.	Employers will be eligible for the subsidy if: <ul style="list-style-type: none">their business has a turnover of less than \$1 billion and their turnover has fallen by more than 30 per cent (of at least a month); ortheir business has a turnover of \$1 billion or more and their turnover has fallen by more than 50 per cent (of at least a month); andthe business is not subject to the Major Bank Levy. To apply, employers and businesses without employees, such as the self-employed can register their interest in applying for the JobKeeper Payment via the ATO from 30 March 2020, here . Subsequently, eligible employers will be able to apply for the scheme by means of an online application. The first payment will be received by employers from the ATO in the first week of May.
Temporary Relief for Financially Distressed Businesses	To help businesses get through a temporary period of insolvency, the Government is temporarily providing higher thresholds and more time to respond to demands from creditors. The minimum total amount of debt to issue a creditor's statutory demand to a company will be increased to A\$20,000, with a creditor to be given 6 months to respond to the demand. These increases vary the current A\$2,000 limit and 21 day timeframe. Further, directors will have temporary relief from personal liability for insolvent trading if debts are incurred in the ordinary course of business.	The changes will apply for a 6 month period.

Assistance for Severely Affected Regions

Aim of Aid	Description	How to Apply
Support for Coronavirus-affected regions, industries and communities	AS1 billion has been set aside to support regions and communities disproportionately affected by the economic impact of the Coronavirus, including those heavily reliant on industries such as tourism, agriculture and education. The ATO will also provide administrative relief for some tax obligations for people affected by the Coronavirus outbreak, on a case-by-case basis.	AS1 billion will be made available for distribution through existing or new mechanisms as soon as practicable. <i>Note: The Government has waived the park entry fees for Kakadu, Uluru and Booderee National Parks, as well as the Environmental Management Charge (EMC) for tourism businesses that operate in the Great Barrier Reef Marine Park for the rest of 2020.</i>
Support for Australian airlines and airports	Provide initial support to our airline industry through up to A\$715 million of relief from a range of taxes and Government charges.	From 1 February 2020 to 30 September 2020.

Supporting the Flow of Credit

Aim of Aid	Description	How to Apply
Support for Immediate Cash Flow needs for SMEs	Under the Coronavirus SME Guarantee Scheme, the Government will provide a guarantee of 50% to SME lenders to support new short-term unsecured loans to SMEs. The scheme will guarantee up to A\$40 billion of new lending.	SMEs with a turnover of up to A\$50 million will be eligible to receive these loans. The Government will provide eligible lenders with a guarantee for loans with the following terms: <ul style="list-style-type: none">Maximum total size of loans of A\$250,000 per borrower.The loans will be up to 3 years, with an initial 6 month repayment holiday.The loans will be in the form of unsecured finance, meaning that borrowers will not have to provide an asset as security for the loan. This will commence by early April 2020 and be available for new loans until 30 September 2020.
Federal Government investment in the Business Growth Fund	Establishment of the Australian Business Growth Fund, where the Federal Government will now participate by co-investing with other financial institutions (Big 4 Banks) to provide equity finance to SMEs across a range of industries and locations. The Federal Government has appropriated A\$100 million for this purpose.	Established Australian businesses will be eligible for long-term equity capital investments of between A\$5 million and A\$15 million, where they have generated annual revenue between A\$2 million and A\$100 million and can demonstrate 3 years of revenue growth and profitability. The Business Growth Fund's investment share will be between 10 and 40 percent, allowing small-business owners to maintain control while also allowing the Business Growth Fund to offer the kind of financial support to drive business growth. A detailed breakdown of the Investment Criteria and a copy of the Application Form to obtain funding can be found here .
Quick and Efficient Access to Credit for Small Business	The Government is providing a temporary exemption from responsible lending obligations for lenders providing credit to existing small business customers.	This exemption is for 6 months, and applies to any credit for business purposes, including: <ul style="list-style-type: none">new creditcredit limit increasescredit variations and restructures
Reserve Bank of Australia Supporting the flow and reducing the cost of credit	The Reserve Bank of Australia (RBA) announced a term funding facility for the banking system. Banks will have access to at least A\$90 billion in funding at a fixed interest rate of 0.25%. In addition, the RBA announced a further easing in monetary policy by reducing the cash rate to 0.25%.	This will reinforce the benefits of a lower cash rate by reducing funding costs for banks, which in turn will help reduce interest rates for borrowers. To encourage lending to businesses, the facility offers additional low-cost funding to banks if they expand their business lending, with particular incentives applying to new loans to SMEs.

State and Territory Specific Grants and Assistance

In addition to the Federal Government package, State and Territory Governments are also adopting measures to combat the economic impacts of the Coronavirus.

New South Wales

Aim of Aid	Description	How to Apply
Waiver of payroll tax	Waiver of payroll tax for businesses with payrolls of up to A\$10 million for the rest of 2019-20, plus deferral or a further three months thereafter.	Automatic waiver.
Waiver of fees and charges for small businesses	A\$80 million committed to waive a range of fees and charges for small businesses including bars, cafes, restaurants and trades.	Automatic waiver.
Deferral of gaming tax	Deferral of gaming tax for clubs, pubs and hotels, and lotteries for six months, conditional on these funds being used to retain staff.	To be announced.
Deferral of parking space levy	Deferral of parking space levy for six months.	To be announced.
Deferral of rents in Government-owned properties	Deferral of rents for six months for commercial tenants with less than 20 employees in Government-owned properties.	To be announced.
Capital works and maintenance	A\$500 million committed to bring forward capital works and maintenance	To be announced.

South Australia

Details of the A\$1 billion stimulus package are yet to be announced. Updates on announcements can be found [here](#).

Western Australia

Aim of Aid	Description	How to Apply
Small business grant	A one-off A\$17,500 grant to businesses with a payroll between A\$1-4 million.	To be automatically paid by cheque from July 2020. Eligible taxpayers should log in to Revenue Online to ensure their postal address is correct.
Payroll tax concessions	The payroll tax threshold will be increased to A\$1 million on 1 July 2020. SMEs, who pay A\$7.5 million or less in Australian taxable wages and have been directly or indirectly affected by the Coronavirus, can apply to defer payment of payroll tax until 21 July 2020.	The threshold increase will be reflected in the Revenue Online when it comes into effect. Information on how to apply for a payroll tax deferral is available here .
SME package	A\$114 million in measures has been announced to support WA SMEs. Details to be confirmed.	Details to be announced.

Northern Territory

Aim of Aid	Description	How to Apply
Immediate Work Grant	As part of the Northern Territory Government's COVID-19 recovery package, grants will be provided to not-for-profit and community organisations to engage local businesses to do repairs, renovations and upgrades to their property and facilities. The Immediate Work Grant provides funding of up to A\$100,000 for not-for-profit and community organisations operating in the Northern Territory.	Registrations for local businesses to get involved open on 30 March 2020.
Tourism Fast Track Support Program	This intensive business support program provides Northern Territory tourism businesses impacted by the bushfires and the coronavirus outbreak with access to a tailored support program focusing on business survival, revival and growth.	This program is currently open and can be applied for at any time here .
Business Improvement Grant	As part of the Northern Territory government's COVID-19 recovery package, funding will be available for businesses to purchase goods and services to make permanent physical improvements to their premises (land and/or building).	Information about eligibility requirements and the application process can be found here . Businesses looking to do the work must register online from 30 March 2020, so they can be listed on the approved business and tradespeople list for those receiving the funding to select from.

Queensland

Aim of Aid	Description	How to Apply
Market Diversification and Resilience Grants	This program provides agriculture, food and fishing exporters and their supply chain partners with matched funding to help them diversify into new markets and purchase new equipment. There are two funding streams available for: <ul style="list-style-type: none">New equipment purchases - up to A\$7500, applicants must contribute 25% of the total cost of the equipment.Projects - Up to A\$50,000, applicants must contribute 50% of the total project costs.	Information about eligibility requirements and the application process can be found here .
Payroll Tax Refunds	Payroll tax refunds of A\$740 million for Coronavirus affected businesses	Immediately payable.
Payroll Tax Deferral	Payroll tax deferral until the end of 2020 for eligible SMEs (payroll up to A\$6.5 million).	More information about applications can be found here .
COVID-19 Job Support Loans	A\$450 million loan facility will be created to support businesses retain employees and maintain operations, comprising loans of up to A\$250,000. All COVID-19 Jobs Support Loans will be provided for a term of 10 years, with no repayments or interest charged for the first year, followed by 2 years of interest only payments.	The Queensland Rural and Industries Development Authority is responsible for the administration of the loans and applications are now open. Information on eligibility requirements and how to apply can be found here .

Victoria

Aim of Aid	Description	How to Apply
Payroll Tax Relief	The Victorian Government will provide full payroll tax refunds for the 2019-20 financial year to SMEs with payroll of less than A\$3 million.	To be announced. Further details can be found here .
Government payment of supplier invoices	The Victorian Government will pay all outstanding supplier invoices within five business days. The private sector is urged to do the same where possible.	To be announced.
Business Support Fund for SMEs	A\$500 million Business Support Fund to support SMEs in the hard hit sectors, including hospitality, tourism, accommodation, arts and entertainment, and retail.	The Government will work with the Victorian Chamber, Australian Hotels Association and Ai Group to administer the fund. Registration for interest in the program can be made here .
Rent relief	Commercial tenants in Victorian Government buildings can apply for rent relief. Further, 2020 land tax payments will be deferred for eligible small businesses.	To be announced.

Tasmania

Aim of Aid	Description	How to Apply
Targeted Industry Assistance: Tourism, Hospitality & Fisheries	A number of lease, licence and parks entry fees will be waived over 3 months for tourism operators. A 50% discount on liquor licensing fees and all application fees will apply for the calendar year, back dated to 1 January 2020. Annual fees and levies for the rock lobster, giant crab and fin fishers and abalone divers will be waived for 12 months.	Automatic Waiver.
Support & Stimulus Package	The Tasmanian Government has prepared a A\$1 billion stimulus package that provides a range of support packages for households, health sector, small business and local government. These include: <ul style="list-style-type: none">payroll tax waivers for the next 4 months for hospitality, tourism and seafood industry businesses with payrolls up to A\$5 million.small grants for businesses that hire an apprentice/trainee in the tourism, hospitality, building and construction, and manufacturing industries.	A detailed outline of the Support & Stimulus Package can be found here . Further information on how to apply and on another stimulus package will be announced in the coming days.
Interest Free Business Loans for Small Business	The Tasmanian Government is providing A\$20 million in interest free loans to small businesses in the hospitality, tourism, seafood production, and exports sectors. The loans will be available to businesses with a turnover of less than A\$5 million to purchase equipment or restructuring business operations and will be interest free, for 3 years.	The loan must be used to purchase equipment or restructuring business operations. Information on how to apply will be forthcoming.

Future Coronavirus Response Packages

The Australian Government has given notice that a third economic package is being devised in preparation for a near total shutdown of the economy. The Baker McKenzie Team will continue to follow the developments in this area closely and will provide a further update when the third economic package is released.

Please do not hesitate to reach out to any member of the team should you have any questions on what the Coronavirus Response Package means for your business.

Further Information

If you would like to draw from other global resources developed by Baker McKenzie on COVID-19, please visit our [Coronavirus Resource Centre](#).

Authors

Alanna Rennie
Associate
Alanna.Rennie
[@bakermckenzie.com](#)



Harrison Chen
Graduate
Harrison.Chen
[@bakermckenzie.com](#)



Simone Bridges
Partner
Simone.Bridges
[@bakermckenzie.com](#)



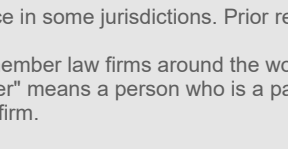
Miles Hurst
Partner
Miles.Hurst
[@bakermckenzie.com](#)



John Walker
Partner
John.Walker
[@bakermckenzie.com](#)



John Walker
Partner
John.Walker
[@bakermckenzie.com](#)



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