

## Understanding the stimulus package in response to COVID-19 pandemic

**The Federal Government has announced a range of initiatives to support individuals, households and businesses cope with unprecedented levels of upheaval and market volatility. Here, we look at the key measures and what they could mean for you.**

### Income support for individuals

Over the next six months, the government is temporarily extending eligibility to income support payments and establishing a new, time-limited coronavirus supplement of \$550 per fortnight. This will be paid to existing and new recipients of JobSeeker (formerly known as Newstart), Youth allowance jobseeker, Parenting Payment, Farm Household and Special Benefit payments. It has now also been extended to include students on Youth Allowance, Austudy and Abstudy.

[> Find out more](#)

### Payments to support households

The government is providing two separate \$750 payments to social security, veteran and other income support recipients and eligible concession card holders who aren't in receipt of the \$550 supplement. The first payment will be made from 31 March 2020 and the second payment will be made from 13 July 2020. Around half of those that benefit are pensioners.

[> Find out more](#)

### Temporary early release of superannuation

The government is allowing individuals affected by the coronavirus to access up to \$10,000 of their super this financial year and a further \$10,000 in 2020-21 (i.e. before and after 1 July 2020). The amounts released won't be taxed and won't affect Centrelink or Veterans Affairs payments. To apply for the early release you will need to satisfy a number of requirements.

[> Find out more](#)

### Temporarily reducing superannuation minimum drawdown rates and changes to deeming rates

The government is temporarily reducing superannuation drawdown requirements for account-based pensions and similar products by 50% for 2019-20 and 2020-21. Upper and lower social security deeming rates are also being reduced by a further 0.25 percentage points in addition to the 0.5 percentage point reduction to both rates announced on 12 March 2020. As of 1 May 2020, the upper deeming rate will be 2.25 per cent and the lower deeming rate will be 0.25 per cent.

[> Find out more](#)

### Support for coronavirus-affected regions and communities

\$1 billion is being set aside to support regions most significantly affected by the Coronavirus outbreak. These funds will be available to assist during the outbreak and the recovery.

[> Find out more](#)

### Boosting cash flow for employers

The government is enhancing the Boosting Cash Flow for Employers measure it announced on 12 March 2020 by providing up to \$100,000 to eligible small and medium-sized businesses, and not for-profits (NFPs) that employ people, with a minimum payment of \$20,000. These payments will help businesses and NFPs with their cash flow so they can keep operating, pay their rent, electricity and other bills and retain staff.

Under the enhanced scheme, employers will receive a tax-free payment equal to 100 per cent of their salary and wages withheld (up from 50 per cent), with the maximum payment being increased from \$25,000 to \$50,000. In addition, the minimum payment is being increased from \$2,000 to \$10,000.

Payments will be made automatically through the ATO from 28 April, and 28 July for the 2019-20 and 2020-21 financial years respectively.

[> Find out more](#)

### **Quick and efficient access to credit for small business – Coronavirus SME Guarantee Scheme**

This reform will help small businesses get access to credit quickly and efficiently with the government providing a guarantee of 50% of new unsecured loans issued by eligible lenders to small and medium enterprises (SMEs).

> [Find out more](#)

### **Big Banks defer mortgage repayments for households with COVID-19 support**

Affected home owners can pause repayments for up to 6 months, pending a 3 month review as part of new support packages for home owners. They are also offering repayment relief for up to 6 months for small business customers on business loans and finance facilities and reduced interest rates on overdraft facilities.

- To find out more please contact your bank directly. The details vary for each bank.

### **Providing temporary relief for financially distressed businesses**

The government is temporarily increasing the threshold at which creditors can issue a statutory demand on a company from \$2000 to \$20000. Also the time that companies have to respond to any demands received has been increased from 21 days to 6 months. The package also includes temporary relief for directors from any personal liability for trading while insolvent.

### **Supporting you**

There's no doubt that the current coronavirus situation is causing concern for you, your business, your lifestyle and your financial position. Evolution Advisers are here to assist and offer guidance to you. If you have any questions about these announcements and how they affect you, please feel free to contact us.