



# **Covid-19**

Financial support for  
small business

24 March 2020



# COVID-19 financial support for small business

## What support is available for medical practices during the COVID-19 outbreak?

### Support measures from the Federal Government

The Federal Government has announced two major economic rescue packages worth \$83.6bn to support businesses and households in addition to over \$100bn in emergency banking measures.

Cash payments for small and medium-sized businesses

The Boosting Cash Flow for Employers payment is available to eligible small and medium-sized businesses, and non-for-profits (including charities).

- Businesses can receive up to \$100,000 to cover the cost of rent, bills and employee wages and salaries. Payments will be automatic.
- The initial payments from 28 April will equal to 100 per cent of the salary and wages withheld as reported in Business Activity Statements. The maximum payment is \$50,000 with a minimum payment of \$10,000.
- Businesses are eligible if they have an aggregated annual turnover of under \$50m and employ workers.
- Additional payments are being introduced in July – October 2020. Businesses that are still active will receive an additional payment equal to the total of all of the Boosting Cash Flow for Employers payments received. i.e. if you received \$50,000 in the first payment, you would receive a \$50,000 for the second payment, for a total \$100,000 payment.
- A fact sheet for this payment is available [here](#).

### Support for business asset investment

- The government has provided incentives to encourage businesses with a turnover of less than \$500m to spend by:
- Increasing instant asset write-offs by lifting the threshold to \$150,000 (from \$30,000) until June 2020.

- Introducing a time-limited 15-month incentive to invest by accelerating depreciation deductions. Businesses will be able to deduct 50 per cent of the cost of an eligible asset on installation, with existing depreciation rules applying to the balance of the asset cost.

- A fact sheet for these measures is available [here](#).

### Temporary relief for financially distressed businesses

- The Government is temporarily increasing the threshold at which creditors can issue a statutory demand on a company and the time companies have to respond to statutory demands they receive.
- The package also includes temporary relief for directors from any personal liability for trading while insolvent. The Corporations Act 2001 will be amended to provide temporary and targeted relief for companies to deal with unforeseen events that arise as a result of the Coronavirus.

### Support for lending to small and medium-sized businesses

- The Coronavirus SME guarantee scheme will support lending to small and medium-sized businesses with a turnover of less than \$50m.
- The Commonwealth will guarantee 50 per cent of an eligible loan through participating banks and non-bank lenders to businesses disrupted by the coronavirus.
- Loans will be used for working capital purposes and be unsecured and it will be for loans granted within six months starting 1 April 2020.
- Lenders will not be charged a fee for accessing the guarantee scheme.
- Loans will be repayment-free for six months (as per the support package from Australian banks—see below).

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- The maximum that can be borrowed under the guarantee facility will be \$250,000 on terms up to three years.
- A fact sheet for this measure is available [here](#).

### Australian Taxation Office – tax relief

- Businesses impacted by COVID-19 are being encouraged to contact the ATO to discuss relief options tailored to their needs and circumstances.
- Options available to assist businesses impacted by COVID-19 include:
  - Deferring by up to six months the payment date of amounts due through the business activity statement (including Pay As You Go (PAYG) instalments), income tax assessments, fringe benefits tax assessments and excise.
  - Allow businesses on a quarterly reporting cycle to opt into monthly GST reporting in order to get quicker access to GST refunds they may be entitled to.
  - Allowing businesses to vary PAYG instalment amounts to zero for the March 2020 quarter. Businesses that vary their PAYG instalment to zero can also claim a refund for any instalments made for the September 2019 and December 2019 quarters.
  - Remitting any interest and penalties, incurred on or after 23 January 2020, that have been applied to tax liabilities.
  - Working with affected businesses to help them pay their existing and ongoing tax liabilities by allowing them to enter into low interest payment plans.
- Call the ATO Emergency Support Infoline 1800 806 218 to discuss COVID-19 support options.

### Support packages from Australian banks

- The Australian Banking Association (ABA) has announced a small business relief package to support small business during COVID-19. All ABA member banks can participate.
- Broadly, the package includes a deferral of principal and interest repayment for all term loans and retail loans for 6 months, for small businesses with less than \$3 million in total debt owed to credit providers. At the end of the deferral period businesses will not be required to pay the deferred interest in a lump sum. Either the term of the loan will be extended, or the level of loan repayments will be increased.
- All small businesses have been encouraged to contact their banks about the small business relief package. Fast-track approval processes are in place to ensure support is available as soon as possible.

Individual major banks have announced measures as follows:

#### Commonwealth Bank of Australia

- 100 bps (basis points) interest rate reduction for all existing cash-linked small business loans.

#### Westpac

- Overdrafts will be reduced by 200bps for new and existing small business customers, effective 6 April.
- Small business customers with cash flow issues can defer principle and interest repayments of business term loans for six months.
- 100bps reduction to variable interest rates on small business cash-based loans, effective 6 April.

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## NAB

- Defer principle and interest for up to six months on a range of business and equipment finance loans.
- Receive a 200bps rate cut on new loans and all overdrafts on QuickBiz, effective March 30.
- Receive a further 100bps reduction on variable rates for small business loans, effective March 30.
- Access up to \$65bn of additional secured limits to pre-assessed customers, with \$7bn currently available for fast assessment process.
- Defer business credit card repayments.

## ANZ

- Decrease variable interest rates by 0.25%pa, effective 27 March.
- Enable impacted customers to request a six-month payment deferral on loan repayments for term loans, with interest capitalised.
- Make available temporary increases in overdraft facilities for 12 months.
- Institute a reduction by 0.80%pa to a new two and three-year fixed rate of 2.59%pa for secured small business loans up to \$1m, effective 3 April 2020.

## Resources

- <https://treasury.gov.au/coronavirus/businesses>
- <https://www.pm.gov.au/media/supporting-australian-workers-and-business>
- <https://www.pm.gov.au/media/economic-stimulus-package>
- <https://www.theguardian.com/business/2020/mar/12/what-australian-governments-coronavirus-stimulus-package-means-for-you-explainer>
- <https://www.theguardian.com/business/2020/mar/22/what-australias-189bn-coronavirus-economic-rescue-package-means-for-you>
- <https://www.ausbanking.org.au/banks-small-business-relief-package/>
- <https://www.accc.gov.au/media-release/australian-banking-association-small-business-relief-package>
- <https://www.brokernews.com.au/news/breaking-news/majors-detail-their-covid19-support-packages-270618.aspx>
- <https://www.ato.gov.au/Media-centre/Media-releases/Support-measures-to-assist-those-affected-by-COVID-19/>
- <https://treasury.gov.au/coronavirus/businesses>

**Please note:** the information provided by the Australian Government is being updated regularly. We recommend staying up to date by frequently reviewing this information on the Coronavirus information and support for business webpage **here**.

**Disclaimer:** The information in this document is of a general nature only and does not constitute financial advice. We have made every attempt to ensure that the information and any links contained in this document are accurate as at the date of drafting. AMA (NSW) will not be liable for any decision made or action taken in reliance on the information in this document. It is for general guidance only and should not be used as a substitute for obtaining specific assistance or advice.



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MARCH 2020