



# ANDREW WALLACE MP

Federal Member for **Fisher**



## COVID-19 FEDERAL SUPPORT AVAILABLE TO BUSINESS

MALENY COMMERCE

22 FEBRUARY 2021

### Temporary Full Expensing

Your business may benefit from Temporary Full Expensing if the eligible asset is acquired and first used or installed before 30 June 2022. This builds on the existing instant asset write-off (IAWO) and backing business investment (BBI) incentives by allowing eligible businesses with an aggregated annual turnover up to \$5 billion to deduct the full cost of eligible depreciable assets of any value in the year they are first used or installed. Full Expensing will generally apply to new assets, and will also allow small and medium-sized businesses (with aggregated annual turnover below \$50 million) to deduct the full cost of new and second-hand assets. The cost of improvements made during this period to existing eligible depreciable assets can also be fully deducted.

### Loss Carry Back

On 6 October 2020 as part of the 2020–21 Budget, the government announced that it will target support to businesses and encourage new investment through a loss carry back regime. Eligible corporate entities that previ-

ously had an income tax liability in a relevant year and have subsequently made taxable losses can claim a refundable tax offset up to the amount of their previous income tax liabilities. The measure interacts with the government announcement on JobMaker Plan – temporary full expensing to support investment measure. This will allow new investment to generate significant tax losses which can then be carried back to generate cash refunds for eligible businesses. Eligible corporate entities with less than \$5 billion turnover in a relevant loss year can carry back losses made in the 2019–20, 2020–21 and 2021–22 income years to a prior year's income tax liability in the 2018–19, 2019–20 and 2020–21 income years. The amount of the tax offset is limited by the corporate entity's income tax liabilities in the relevant gain years and its franking account balance at the end of the year in which the entity files its tax return claiming the loss carry back tax offset (the 2020–21 or 2021–22 income year). The law commenced on 1 January 2021. If eligible, corporate entities can claim the tax offset in their tax returns for the 2020–21 and 2021–22 income years.

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## **Coronavirus SME Guarantee Scheme**

The Coronavirus Small and Medium Enterprises (SME) Guarantee Scheme is supporting up to \$40 billion of lending to SMEs (including sole traders and not-for-profits) by guaranteeing 50 per cent of new loans issued by participating lenders to SMEs. The Scheme is enhancing lenders' ability to provide cheaper credit, allowing many otherwise viable SMEs to access vital additional funding to get through the impact of Coronavirus, recover and invest for the future. Phase 2 of the Scheme commenced on 1 October 2020 and will be available for loans made by participating lenders until 30 June 2021. Loans can be used for a broad range of business purposes, including to support investment. Borrowers can access up to \$1 million in total. Loans are for terms of up to 5 years, and a repayment holiday is not required but can be offered at the discretion of the lender. Loans can be either unsecured or secured (excluding residential property). The interest rate on loans will be determined by lenders, but will be capped at around 10 per cent, with some flexibility for interest rates on variable rate loans to increase if market interest rates rise over time. Loans backed by the Scheme will be available through participating commercial lenders.

## **Supporting Apprentices**

The Government is extending and expanding the Supporting Apprentices and Trainees wage subsidy. From 1 July 2020, the subsidy will be available to support small and medium businesses with fewer than 200 employees, including those using a Group Training Organisation, who retain an Australian Apprentice engaged as at 1 July 2020. Eligible employers can apply for a wage subsidy of 50 per cent of the apprentice's or trainee's wage paid during the 9 months from 1 July 2020 to 31 March 2021, up to a cap of \$7,000 per quarter. Employers of any size in-

cluding Group Training Organisations that re-engage an eligible out of trade apprentice or trainee will also be eligible for the subsidy. The Government is also committing an additional \$1.2 billion through the Boosting Apprenticeship Commencements Wage Subsidy to boost the number of new apprenticeships and traineeships. This will support up to 100,000 new apprentices and trainees by paying a 50 per cent wage subsidy for commencing apprentices and trainees at businesses of all sizes, in all industries, and in all locations. Businesses can receive the 50 per cent wage subsidy, up to a cap of \$7,000 per quarter, for commencing apprentices and trainees, including those employed by Group Training Organisations, until 30 September 2021. Existing workers embarking on a new apprenticeship can be included in this scheme to support upskilling and reskilling.

## **JobKeeper**

On 21 July 2020, the Government announced it is extending the JobKeeper Payment until 28 March 2021 and is targeting support to those businesses and not-for-profits which continue to be significantly impacted by the Coronavirus Businesses and not-for-profits needed to reassess their eligibility in January 2021 for the period from 4 January to 28 March 2021. Businesses and not-for-profits need to demonstrate that they have met the relevant decline in turnover test in the December 2020 quarter with actual turnover figures to remain eligible for the March 2021 quarter. From 4 January 2021 to 28 March 2021, the payment rate is \$1,000 per fortnight for all eligible employees who in the four weekly pay periods before the reference period, were working for 20 hours or more a week on average and for business participants who were actively engaged in the business for 20 hours or more per week, and \$650 per fortnight for employees who were working for less than 20 hours a week on average and business participants

who were actively engaged in the business for less than 20 hours per week in the reference period.

### **Support for Business Research and Development**

As part of our economic recovery plan, the Government will increase support for R&D, by enhancing previously announced reforms to the Research and Development Tax Incentive incentive. Small claimants of the incentive, with less than \$20 million annual turnover, will benefit from an increase in the refundable R&D tax offset rate and there will be no \$4 million cap on annual cash refunds. These changes apply from 1 July 2021.

### **Regulation Changes**

The Government was able to flexibly respond to issues affecting the ability of business to comply with provisions of the Corporations Act 2001, by introducing a temporary instrument-making power. The power has been used to ensure that companies can conduct virtual annual general meetings and sign documents electronically until March 2021, with permanent reforms to be made as part of the Digital Business Plan; and amend continuous disclosure provisions to enable companies and their officers to more confidently provide guidance to the market during the COVID-19 pandemic until March 2021.

### **HomeBuilder**

HomeBuilder provides eligible owner-occupiers (including first home buyers) with a grant to build a new home or substantially renovate an existing home. On 29 November 2020, the Government announced an extension to the HomeBuilder program to 31 March 2021. Changes to the HomeBuilder program include a \$15,000 grant for building contracts (new builds and substantial renovations) signed between 1 January 2021 and 31 March 2021, inclusive and an extended deadline for

all applications to be submitted, including those applying for the \$25,000 grant and the new \$15,000 grant. Applications can now be submitted up until 14 April 2021 (inclusive). This will apply to all eligible contracts signed on or after 4 June 2020.

### **International Freight Assistance Mechanism**

The International Freight Assistance Mechanism (IFAM) is a targeted, temporary, emergency measure providing funding to help keep international freight routes and flights operating into and out of Australia. In October 2020, the Australian Government committed a further \$317.1 million to extend IFAM until the middle of 2021. This is in addition to the \$241.9 million injection announced in July 2020. To apply, register your interest through <https://www.austrade.gov.au/news/news/international-freight-assistance-mechanism>

### **Sector Specific Stimulus**

There are on-going region and sector specific funds which are periodically opening grant rounds including a \$1 billion COVID-19 Relief and Recovery fund for heavily affected regions, a \$100 million Region Tourism Infrastructure stream of the Building Better Regions Fund, a \$50 million Recovery for Regional Tourism program, and the \$1.5 billion Modern Manufacturing Strategy. Details of these grants as they become available can be found by searching [www.grants.gov.au](http://www.grants.gov.au) or on [www.business.gov.au](http://www.business.gov.au).