

COVID-19 FEDERAL GOVERNMENT STIMULUS PACKAGE SUMMARY

23 March 2020

This document outlines the key points of the federal government’s stimulus packages, announced on 13 and 22 March 2020. This is a summary only and not intended for anyone to act upon it without analysis of their individual situation.

Key takeaways

- Total stimulus packages add up to A\$188.6 bn, which is equivalent to 9.7% of GDP. As these are very rushed extra-ordinary measures, there are more details yet to be revealed, and potentially more to come.
- Separate packages are being announced by State & Territory Governments, mostly in the form of payroll tax waiver.
- Most businesses will benefit from the Boosting Cash Flow for Employers stimulus package. As an example, an employer withholding A\$8,333 per month is likely to get the full incentive of A\$100,000 (max) over the next six months. An employer with NO PAYG withholding obligation will get A\$20,000 (min). There are two parts, first part is payable by 28/7/20. Second part is based on first part payment and is payable by 28/10/20.
- Organisations that have struggled to secure working capital finance are likely to benefit by the Commonwealth guaranteed bank loans

Summary

Stimulus Package	Size	Comments
RBA’s Funding Facility	A\$ 90bn	<ul style="list-style-type: none"> • Available to banks to lend to SMEs over 3 years @.25% interest • To provide SMEs with easier access to loan at low interest
Federal Government’s Funding Facility	A\$15bn	<ul style="list-style-type: none"> • Available to small banks and non-bank lenders • To provide SMEs with easier access to loan
First Stimulus Package (13/3/20)	A\$ 17.6bn	<p>Main components:</p> <ul style="list-style-type: none"> • Boosting Cash Flow for Employers (small businesses & non-for-profit organizations): minimum A\$20,000 and maximum A\$100,000 over next 6 months based on PAYG withheld. • Supporting Apprentices and Trainees: up to A\$ 7,000 per quarter per apprentice over the next 9 months • Increasing Instant Asset Write off Limit: from A\$30,000 to A\$150,000 available until 30/6/20 to businesses with a yearly turnover of less than A\$500m
Second Stimulus Package (22/3/20)	A\$ 66bn	

		<ul style="list-style-type: none"> • Backing Business Investment: 50% accelerated depreciation on eligible investment available to businesses with a yearly turnover of less than A\$500m. • Support for COVID 19 Affected Regions: A\$1 bn targeted mainly to tourism industry • Support for Casuals and Sole Traders: fortnightly A\$550 supplement for next 6 months • One-off A\$750 stimulus payment: to eligible people including families, pensioners, carers, job seekers etc in Mar 20 • Additional one-off A\$750 Stimulus Payment: to eligible people including families, pensioners, carers, job seekers etc in Jul 20 • Access to Super Earlier – A\$20,000 over 2 years for individuals struggling as a result of COVID-19. • Commonwealth Guaranteed Bank Loans: 50% of the total loan provided by lenders to SMEs as working capital, max loan size A\$250K, 3 year term, 6 months repayment holiday.
Total	A\$188.6 bn	

Need help?

We're able to help with your financial matters.
Contact [Lutful Baki](#) if your business needs CFO support.

Check out other COVID-19 resources on the Source website:
<https://www.sourcelegal.com.au/covid-19-response/>