

MARTIN & ORR

A C C O U N T A N T S

Practice Update: Special Edition

On Thursday 12 March, Prime Minister Scott Morrison announced measures to stimulate the economy in the face of the Coronavirus pandemic. The measures affecting Small Business include the following:

SME Cash Boost - businesses with turnover of less than \$50 million can receive payments of up to \$25,000 tax-free, with a minimum payment of \$2,000.

These payments will be benchmarked to 50 per cent of the amount withheld on employees' salary and wages, up to a maximum payment of \$25,000. Eligible businesses that pay salary and wages will receive a minimum payment of \$2,000, even if they are not required to withhold tax.

The measure is expected to cost \$6.7 billion and will be delivered by the ATO as a credit in the activity statement system from 28 April 2020 upon businesses lodging eligible upcoming activity statements.

Employers who lodge the BAS on a quarterly basis will be eligible to receive the payment for the quarters ending March 2020 and June 2020.

Monthly BAS lodgers will be eligible to receive the payment for the March 2020, April 2020, May 2020 and June 2020 lodgements, with a 150 per cent calculation in the March activity statement to provide the same treatment as quarterly lodgers.

Upgraded Instant Asset Write-Off - The package will see the government inject \$700 million to increase the instant asset write-off threshold by fivefold, rising from \$30,000 to \$150,000.

Access to the write-off will also be expanded to include businesses with aggregated annual turnover of less than \$500 million, up from \$50 million.

The expanded measure will only run until 30 June 2020.

Businesses with a turnover of less than \$500 million will also now be able to deduct an additional 50 per cent of the asset cost in the year of purchase, as the government looks to introduce a time-limited 15-month investment incentive.

The incentive, set to run through to 30 June 2021, is set to cost the government \$3.2 billion.

Please contact us if you wish to discuss how the points raised in the **Practice Update** specifically affect you.

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