

# The Federal Government's economic stimulus package

**The Federal Government yesterday announced a series of significant tax concessions aimed at stimulating investment.**

## Introduction

The Federal Government released an economic stimulus package yesterday designed to encourage business investment, maintain employment and support those impacted by COVID-19 through an instant / accelerated asset write off and cash payments. The package included important tax concessions.

## Impact

Businesses with an aggregated turnover of less than \$500 million will benefit from two tax concessions announced by the Morrison Government:



### 1. Assets costing up to \$150,000 purchased between:

- 12 March 2020 and 30 June 2020 will attract an immediate tax write off
- 1 July 2020 and 30 June 2021 will attract a 50% tax write off, with the balance of the asset cost depreciated over the effective life of the asset.



### 2. Assets costing more than \$150,000, purchased between now and 30 June 2021 will attract a 50% tax write off with the balance depreciated over the effective life of the asset.

Asset Cost	Acquisition date	Depreciation rate
< \$150,000	12 March 2020 – 30 June 2020	100% of Cost
< \$150,000	1 July 2020 – 30 June 2021	50% of Cost (balance: usual depreciation)
> \$150,000	12 March 2020 – 30 June 2021	50% of Cost (balance: usual depreciation)



We expect further details of the concession to be released in the coming weeks.

Businesses with an aggregated turnover of less than \$500 million will benefit from a variety of tax write offs on assets thanks to the newly announced economic stimulus package.

The tax concessions will apply to assets purchased between 12 March 2020 and 30 June 2021.

In addition to the depreciation concessions, the stimulus package includes:

Announcement		Eligibility
Cash Payments	Tax free payment of up to \$25,000 to businesses	Businesses with employees and a turnover of up to \$50m
Wage Subsidies	Subsidies of up to 50% for apprentices and trainees (capped at \$21k per apprentice)	Businesses with less than 20 employees
Household Stimulus	\$750 to individuals	Pensioners and eligible persons
Coronavirus Support	Regional and Community funding for industries and areas impacted	Details to come
ATO administrative relief	Tax obligation relief including tax payment deferrals of up to four months	
State Government Payroll Relief	Some States are announcing deferrals of payroll tax liabilities	Varies between states



### How ShineWing Australia can assist

The concessions apply only to businesses and to those businesses that meet the eligibility requirements. The tax write offs will only apply to depreciable assets. Please reach out to one of our tax experts below to determine the potential benefits to your business.



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