



# COVID-19 Economic Stimulus Package Summary 2

## Breaking Down the Government's Second Stimulus Package

Yesterday the Government released the second stage of its economic plan to cushion the economic impact of the coronavirus and help build a bridge to recovery.

A total of \$189 billion is being injected into the economy by all arms of Government in order to keep Australians in work and businesses in business. This includes \$17.6 billion for the Government's first economic stimulus package, \$90 billion from the RBA and \$15 billion from the Government to deliver easier access to finance, and \$66.1 billion in today's economic support package

We had a look at this second stimulus package to see what exactly it means for you and your business.

The package includes assistance for businesses to keep people in a job and regulatory protection and financial support for businesses to stay in business.

An important thing to keep in mind is that the Hon. Prime Minister said, "there will be more packages and more support." So, try and keep your head up as we expect more measures in the near future to help you through these tough and uncertain times.

### Boosting Cash Flow for Employers

The Government has increased the payment amount for eligible small and medium-sized businesses, and not-for-profits (including charities) that employ people from the first package. **The Government is now providing up to \$100,000, with a minimum payment of \$20,000.** These payments will help businesses' and not-for-profits' cash flow so they can keep operating, pay their rent, electricity and other bills and retain staff.

Under the enhanced scheme from the first package, **employers will receive a payment equal to 100 per cent of their salary and wages withheld (up from 50 per cent), with the maximum payment being increased from \$25,000 to \$50,000.** In addition, the minimum payment is being increased from \$2,000 to \$10,000. The payment will be available from 28 April 2020.

Small and medium business entities with aggregated annual turnover under \$50 million and that employ workers are eligible.

### Regulatory protection and financial support for businesses to stay in business

#### *Coronavirus SME Guarantee Scheme*

The Government will establish the Coronavirus SME Guarantee Scheme which will **support small and medium enterprises (SMEs) to get access to working capital** to help them get through the impact of the coronavirus.

Under the Scheme, the Government will **guarantee 50 per cent of new loans** issued by eligible lenders to SMEs. The Government's support will enhance lenders' willingness and ability to provide credit to SMEs with the Scheme able to support \$40 billion of lending to SMEs.

The Scheme will complement the announcement the Government has **made to cut red-tape to allow SMEs to get access to credit faster.** It also complements announcements made by Australian banks to support small businesses with their existing loans.

### *Providing 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 must 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.

This builds on the support for business and business investment provided in our first economic support package, which included:

- increasing the instant asset write off
- backing business investment by providing accelerated depreciation deductions
- supporting apprentices and trainees
- targeted support for Coronavirus-affected regions and communities

### **More Information**

For more information on the Australian Government's Economic Response to Coronavirus visit [treasury.gov.au/coronavirus](https://treasury.gov.au/coronavirus)

Businesses can also visit [business.gov.au](https://business.gov.au) to find out more about how the Economic Response complements the range of support available to small and medium businesses.