

BUSINESS STIMULUS EXPLAINED

By David Koch

The federal government recently revealed the details of its third economic stimulus and if you're a small business owner or sole trader, the newly announced JobKeeper payment could provide critical support for you and your staff. According to the PM the latest stimulus is about saving livelihoods, and provides a helping hand to the nation's millions of employers and solo operators by delivering a wage subsidy scheme for the next six months. Let's take a look at some of the key elements announced and what they mean for you.

JOBKEEPER PAYEMENT

The \$130 billion payment scheme is unprecedented in its scope and coverage. It's anticipated that it will support around six million Australians with payments through their employer and will help to keep the economy ticking over. A key criteria for a business to be eligible is a 30% drop in turnover due to the crisis (for businesses below \$1B turnover). Eligible businesses will receive a flat \$1500 a fortnight wage subsidy before tax for each eligible employee, including full-time, part-time, and casuals that have been with the business for 12 months or more.



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We will give millions of eligible businesses and their workers a lifeline to not only get through this crisis, but bounce back together on the other side,” the Prime Minister said. “This is about keeping the connection between the employer and the employee and keeping people in their jobs even though the business they work for may go into hibernation and close down for six months.

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- Prime Minister, Scott Morrison

EMPLOYEE OBLIGATIONS

It's important to note that there is an application process to go through, and the payments won't begin until May. So businesses still have to cover their cash flow to be able to pay staff until the wage subsidy comes to them. Once the payment arrives, the employer is then obligated to make the payment to the approved employee.



SELF-EMPLOYED



For a sole trader to be eligible for the payment you need to have an annual turnover of less than \$1 billion per year and be able to show that your turnover is down 30 per cent due to the crisis. Eligible self-employed and sole traders will then receive a \$1500 a fortnight wage subsidy before tax. If for some reason you don't qualify for JobKeeper, the JobSeeker payment could be an alternative source of support. The government has topped up the JobSeeker payments with an additional Coronavirus supplement of \$550 per fortnight, as well as expanded eligibility criteria and an extension to the income cut-off for those whose partner may still be employed

Please talk to your accountant, contact the ATO, and visit the treasury website for all the details including eligibility criteria for these measures, and seek out your own personal advice to understand what's best for you and your business. For the full details head to the Treasury website at treasury.gov.au/coronavirus