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Dear Member,

As many of our fellow SCA (NSW) members are small business owners, we wanted to provide a succinct communication about the second stimulus package announcement made by the Federal Government.

The Federal Government has just announced its second business stimulus package worth \$66 billion, meaning a total of \$189 billion is being injected into the economy by various arms of the federal government.

The Government has said there will be more stimulus packages to come.

**A snapshot of salient points:**

- In addition to the \$750 stimulus payment for households announced on 12 March 2020, the Government will provide a further \$750 payment to social security and veteran income support recipients and eligible concession card holders
- Early release of superannuation - the Government will allow individuals in financial stress (including job seekers, casuals and sole traders) as a result of Covid-19 to access up to \$10,000 of their super in 2019-20 and a further \$10,000 in 2020-21
- Employers will receive a payment equal to 100% of their salary and wages withheld (up from 50%) with the maximum payment being increased from \$25,000 to \$50,000
- Coronavirus SME Guarantee Scheme - the Government will establish the SME Guarantee Scheme which will support small and medium businesses with access to working capital to help them get through the impact - Applications can be made online through the ATO website

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business, they can apply for the \$550 a fortnight supplement

- Income recipients will get an additional \$550 a fortnight - this includes JobSeeker payment (formerly Newstart), Youth Allowance, Parenting Payment, Farm Household Allowance and Special Benefit
- All employing small businesses will receive at least \$20,000 and larger SMEs can receive up to \$100,000
- Retirees requirement to draw down on a minimum of 4% of their super each year has been halved to 2%
- Company directors will have temporary protection against trading while insolvent laws. Government will increase threshold at which creditor can put a company into insolvency from \$2,000 to \$20,000 and 21 days to 6 months to respond. Personal liability on directors trading while insolvent suspended for six months

## **A breakdown of what the new measures mean and for who:**

### **1. Casuals and sole traders**

If you've found yourself affected by the economic downturn, you'll be able to access a 'coronavirus supplement' of \$550 a fortnight for the next six months.

That's on top of other benefits — so if you're already receiving payments through JobSeeker (formerly known as Newstart), you can claim both.

Sole traders and casual workers who are currently making less than \$1,075 a fortnight will be eligible to receive the full supplement.

In practice, that means if you're a single parent (receiving a maximum fortnightly payment of \$612 through JobSeeker), for example, and you meet the criteria, you'll take home about \$1,162 a fortnight.

Sole traders or casual workers who have had their income or hours reduced by 20 per cent or more as a result of coronavirus will also be able to access up to \$10,000 of their superannuation tax-free.

### **2. Households**

If you're not eligible to receive the coronavirus supplement, you could still be able to claim a \$750 stimulus payment.

The payment will be made automatically from July 13 to about 5 million

### 3. Pensioners

Deeming rates will be reduced by a further 0.25 percentage points to reflect the latest rate reductions by the RBA, which follows similar cuts made earlier this month.

This is important because deeming rates are used for the pension income assessment — and therefore affect how much someone will receive through their pension.

From the beginning of May, the lower deeming rate will be 0.25 per cent and the upper deeming rate will be 2.25 per cent.

To put things in perspective, when deeming rates were reduced by half a percentage point in the first stimulus package, National Seniors estimated age pensioners would receive on average an additional \$219 per year.

According to the Government, the change will benefit around 900,000 income support recipients, including age pensioners, and is estimated to cost \$876 million over the forward estimates period.

### 4. Employers who want to keep staff

Not-for-profits and small businesses with a turnover under \$50 million will receive a tax-free cash payment of up to \$100,000 to help them retain staff and continue operating.

The Government expects 690,000 businesses employing 7.8 million people and 30,000 not-for-profits will be eligible for measures in the stimulus package.

It doesn't mean extra pocket money if you're an employee, but by linking the payments to staff wage tax withholdings, businesses will be given an incentive to retain employees.

An economic response to the Coronavirus can be found on the Treasury's [website](#).

An overview of the first stimulus package can be found [here](#).

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Chris Duggan  
President SCA (NSW)



**PLEASE ENSURE ALL MEMBERS OF YOUR TEAM, INCLUDING  
THOSE WORKING FROM HOME AND ON-SITE CHECK OUT OUR  
DEDICATED COVID-19 PAGE**

The page is a round-up of the latest guidance, support, and announcements from SCA (NSW) on dealing with the COVID-19 outbreak, plus some further guidance and information from Government and other relevant bodies such as WHO.

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