



Campbell Phillips

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Morrison Government plans \$6.7bn in tax concessions for businesses impacted by COVID-19

Due to be announced today, the Government's \$17 billion stimulus package will include tax breaks and subsidies for small businesses over the next four years, including a massive expansion of the Instant Asset Tax Write-off.

Acknowledging the impact of COVID-19, which has now been [officially declared a global pandemic by the World Health Organisation](#), Prime Minister Scott Morrison is expected to release the details of a \$17 billion coronavirus stimulus package to ease the toll on the health of individuals and the Australian economy.

UPDATE: *The Government has released [details of its Economic Response to the Coronavirus here](#).*

Key elements of the stimulus package:

- \$6.7bn in stimulus for small business tax concessions and subsidies
- Huge expansion planned to Instant Asset Tax Write-off scheme worth \$700m over forward estimates
- Creation of 100 fever clinics to help fight the virus
- People on Newstart and pensioners expected to receive a one-off \$500 payment

READ: [An accountant's advice on how to protect your small business from coronavirus](#)

Under the microscope: Inoculating small business against coronavirus

As the beating heart of our economy, small businesses are both particularly vulnerable to the impact of COVID-19 and integral to Australia's recovery from it.

For this reason, the Government is expected to target a range of initiatives to assist small businesses with the aim of keeping at-risk workers employed.

Chief among these employees are apprentices and trainees, for whom the Government will offer up to \$7000 per quarter to small businesses that support them.

These subsidies are expected to reach around 117,000 junior workers and will total around \$1.3 billion.

Beyond this, businesses with turnover of less than \$50 million will also receive a tax-free payment of between \$2000 and \$25,000 to ease predicted cash flow problems. This is likely to help keep the doors open for 700,000 small-to-medium businesses, keeping more than 7.5 million workers employed.

Potentially the biggest news for small-to-medium business owners is the expansion of the [Instant Asset Tax Write-off](#), which will be raised from \$30,000 to \$150,000 and will now be available for businesses with a turnover of up to \$500 million instead of \$50 million.

The Instant Asset Tax Write-off is considered a critical stimulus initiative, as it is likely to trigger business-to-business spending on equipment and machinery.

Stimulus to sacrifice surplus, wealthy tax dodgers on notice

Despite announcing a return to surplus in [last year's Federal Budget](#), the Finance Minister has now conceded required stimulus will prevent it occurring.

"Obviously we already were under significant pressure given the impact on revenue from the economic impact of the coronavirus, so this is obviously not going to be a surplus year in 2019-20," said Matthias Cormann, [as reported by ABC News](#).

READ: [Surplus to deliver certainly in a year of election](#)

Rather than targeting structural change, the Government intends the stimulus to be temporary while providing immediate relief to businesses.

"Australia is not immune to the global coronavirus challenge but we have already taken steps to prepare for this looming international economic crisis," said Prime Minister Scott Morrison.

"The economy needs temporary help right now to bounce back better so the livelihoods of all Australians are protected."

The news of the stimulus arrives on the heels of an ATO announcement that a minority of wealthy Australians are "deliberately engaging in risky behaviour" that may be [contributing to a tax gap of up to \\$770 million](#).

"This includes seeking to engage in artificial and non-commercial arrangements that are intentionally designed to avoid paying tax," said ATO deputy commissioner Tim Dyce.

As a result, the ATO will be expanding its Tax Avoidance Taskforce by more than 100 additional staff to target the high-wealth private groups segment (who control net wealth of \$50 million or more).

"We now have the resources to knock on the door of nearly every taxpayer in this population," said Dyce.

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