



MOGG OSBORNE
PTY LTD

Mogg Osborne Client Update - Tuesday 24th March 2020

COVID-19 BUSINESS STIMULUS PACKAGE – (Passed by Parliament last night)

What it means for you

As with any decisions speak to your client manager to get tailored information / strategies to suit your individual needs. We are ready and able to help.

Reserve Bank Freeze Business loan repayments

The reserve bank in conjunction with the Banks will work with customers to organise a 6-month break from business loan repayments. You need to make contact with your lender to negotiate this.

Increase in Instant Asset write off (Assets purchased after 12/3/2020)

The instant asset write off (Previously \$30,000) will increase to \$150,000 until 30/6/2020. This will allow an immediate deduction for assets under this amount for businesses with a turnover of less than \$500 Million.

Tax Free payments (Although more often than not a BAS reduction)

This assistance is aimed towards businesses, including not-for-profits, with an annual turnover of up to \$50m to ensure employers can keep **paying wages** if the coronavirus impacts the company – details regarding eligibility are to be confirmed but the information released to date suggest

- Turnover less than \$50Million
- Payment is based on the PAYG withholding on your March & June quarterly BAS (March, April, May and June PAYGW for monthly lodgers)
- **First Payment** (BAS reduction) = 100% of the withholding shown on the March and June 2020 Quarter BAS (Up to Maximum of \$50K)
- **Second Payment** (equal to the first payment) spread over the next 2 quarterly BAS (Jun & Sep 2020)

- If you pay wages but have no PAYG Withholding there's a minimum **First Payment of \$10000** in March 2020 & and a **Second Payment of \$10,000** to be paid \$5000 each for June & Sep 2020 BAS
- The payments are automatically calculated by the ATO with the March, June & September BAS (**You don't need to complete any additional forms to receive this**)
- Must meet all other requirements (Super, workers compensation, fair work & STP)
- Payments are TAX FREE

More details see: [Cash flow assistance for businesses](#)



Mogg Osborne Pty Ltd

Liability limited by a scheme approved under Professional Standards Legislation.

Page | 1

Example. XYZ is a business on quarterly BAS with wages for the March 2020 quarter of \$50,000 and PAYG withholding of \$15,000 and wages for the June 2020 quarter of \$45,000 and PAYG withholding of \$12,000.

First Payment: For the March and June 2020 quarter the PAYGW is \$27,000 (\$15,000 + \$12,000) so they will get a \$27,000 credit in their BAS being \$15,000 on the March BAS and \$12,000 on the June 2020 BAS

Second Payment; In addition, the business will get a second payment of \$27,000 equal to the First Payment. This will be paid on the June and Sept BAS 50% or \$13,500 on the June 2020 BAS and \$13,500 on the Sept BAS

	First Payment	Second Payment	TOTAL
March BAS	\$15,000		\$15,000
June BAS	\$12,000	\$13,500	\$25,500
Sept Bas	-	\$13,500	\$13,500
	\$27,000	\$27,000	\$54,000

Solvency Safety Net

I sincerely hope no-one needs this! Set at making it harder to be seen as trading whilst insolvent & also increasing the amount a creditor needs to be owed before action can be taken against your company. Matching rules for individuals & bankruptcy.

More details see: [Temporary relief for financially distressed businesses](#)

Increasing Working Capital (Small Business loans)

- Government guarantee 50% of the loan
- Turnover less than \$50 Million
- Maximum loan \$250,000
- 3-year term, first 6 months repayment free
- Banks will be managing applications & lending criteria

More details see: [Coronavirus SME guarantee scheme](#)

Jobseeker Payments

- Easier access for sole traders to income support payments
- Administered by services Australia (Formerly Centrelink).
- Automatically Added to existing Services Australia payments

More details see: [Income support for individuals](#)

Early Release of Super

- \$10,000 before 30/6/2020 & \$10,000 after 1/7/20.
- Must be unemployed or eligible for a job seeker payment or after 1/1/20
 - o Working hours have been reduced by 20%
 - o Sole trader turnover has been reduced by 20%
 - o Apply through MyGov (So you will have to have one set up)
- Automatically Added to existing Services Australia payments

More details see: [Early access to superannuation](#)



Reduction in Minimum super draw-downs

If you're receiving a pension from your super you need to make minimum withdrawals. As happened in 2008 the minimum amount required to be taken will be halved.

Temporary reduction in minimum superannuation draw down rates

Superannuation minimum drawdown requirements for account-based pensions and similar products will be reduced by 50% in 2019-20 and 2020-21.

Age	Default minimum drawdown rates (%)	Reduced rates by 50 per cent for the 2019-20 and 2020-21 income years (%)
Under 65	4	2
65-74	5	2.5
75-79	6	3
80-84	7	3.5
85-89	9	4.5
90-94	11	5.5
95 or more	14	7

More details see: [Providing support for retirees](#)

\$550 Coronavirus Supplement

- Extra payment of \$550 per fortnight if you are receiving an eligible payment from Services Australia (Formerly Centrelink) for new & existing recipients.
- Changes to asset testing could bring make some people previously ineligible suitable for these payments

More details see: [Income support for individuals](#)

This will be automatically be added to your existing Centrelink payment

\$750 Payment to households

\$750 on 1/3/20 & \$750 13/7/20 for people receiving Services Australia recipients.

More details see: [Payments to support households](#)

This will be automatically be added to your existing Centrelink payment

Sole traders and self-employed eligible for Jobseeker payment

For business who don't pay wages, there is not much assistance other than the eligibility criteria to access income support payments will be relaxed to enable the self-employed and sole traders whose income has been reduced, to access support.

More:

- [Income support for individuals](#)
- [More financial support for coronavirus affected job seekers](#)



Financial Market Uncertainty

We understand that investors become anxious when superannuation and investments are so heavily impacted in a short space of time. It's important to remember that these are long term investments which can fluctuate but historically produce strong returns. Even after significant events such as the GFC, there is evidence the long-term trends are positive for investors who stayed the course and took advantage of the potential market upswing:

Investors who attempt to time the market run the risk of missing periods of exceptional returns, therefore negatively affecting their investment strategy. At the moment, any falls you may have seen are technically a 'loss on paper'. However, when the market recovers there's a chance your investments could return to their pre-fall state. Selling at the 'bottom of the market' only serves to crystallise these losses, making them real and irreversible.

The below video discusses importance of staying invested in volatile times.

<https://arc2.morningstar.com.au/video/videopage/96900>

A financial plan was designed for you to suit your investment objectives and risk profile. Please feel free to contact us if you have any concerns or questions about the recent volatility we've seen in the market and we'll be happy to assist.

Our Office and Staff

Our highest priority is the health and well-being of our people, being our fabulous staff, loyal clients and our communities. As such we have been applying all the recommendations given to us by the Chief Medical Officer and Government Authorities in relation to safe working practices. At the moment most staff are still all working in the office and are available to assist you with any queries and concerns during this very challenging period. We have plans in place to allow all staff to work from home and we have all the communications in place to continue to be able to assist all of our clients (should this be necessary)

We have rearranged our office layout to play our part in observing the "*social distance*" directive as we are sure you all will be.

**Remember to contact us anytime if you have any concerns and please stay safe,
The Mogg Osborne Team**

