

## Government's Coronavirus Stimulus Package

### Support for individuals (revised 02/04/2020)

Various measures have been introduced to provide a 'safety net' for individuals who are financially impacted by the Coronavirus.

The following is a broad summary of the key aspects of the Federal Government's stimulus package in response to the Coronavirus, as recently announced and enacted.

#### Government's Child Care and Early Childhood Education Relief Package

The Federal Government has just announced a relief package for the child care and early childhood education sector ('child care sector'). The relief package is designed to:

- provide free child care to around one million families; and
- ensure that as many of the child care sector's 13,000 child care and early learning services as possible keep their doors open for families that need to work and to support vulnerable children during the Coronavirus pandemic.

Details can be found through the following link:

[https://docs.education.gov.au/system/files/doc/other/covid-19\\_information\\_sheet\\_for\\_child\\_care\\_providers\\_up\\_to\\_5\\_april\\_2020\\_0.pdf](https://docs.education.gov.au/system/files/doc/other/covid-19_information_sheet_for_child_care_providers_up_to_5_april_2020_0.pdf)

#### The new Coronavirus supplement

A new six-month 'Coronavirus supplement' of **\$550 per fortnight** will be paid to individuals who are currently eligible for certain income support payments, including the:

1. Jobseeker Payment;
2. Youth Allowance; and
3. Parenting Payment (Partnered and Single).

Furthermore, it appears that this new (additional) supplement will be paid to eligible individuals as part of their existing income support payments (e.g., Jobseeker Payment and Youth Allowance).

#### Expanding access (and eligibility) to certain income support payments

For the period that the Coronavirus supplement is paid, the Government will also expand access to certain income support payments (e.g., the Jobseeker Payment, the Youth Allowance Jobseeker and the Parenting Payment) for eligible individuals.

For example, a new category of Jobseeker Payment and Youth Allowance Jobseeker will become available for eligible individuals financially impacted by the Coronavirus.

According to the Government, this could include, for example, permanent employees who are stood down or lose their employment; sole traders; the self-employed; casual workers; and contract workers who meet the income tests, as a result of the economic downturn due to the Coronavirus.

Additionally, asset testing for the JobSeeker Payment, the Youth Allowance Jobseeker and the Parenting Payment will be waived for the period of the Coronavirus supplement. Income testing will still apply to the person's other payments, consistent with current arrangements.

## Tax-free payments of \$750 to eligible recipients

The Government will be providing two (2) separate \$750 tax-free payments (referred to as 'economic support payments') to social security, veteran and other income support recipients and to eligible concession card holders.

The **first \$750 payment** will be available to individuals who are residing in Australia and are receiving an eligible Government payment, or are the holders of an eligible concession card, at any time from 12 March 2020 to 13 April 2020 (inclusive). This payment will be made automatically to eligible individuals from **31 March 2020**.

The **second \$750 payment** will be available to individuals who are residing in Australia and are receiving one of the eligible Government payments or are the holders of one of the eligible concession cards on **10 July 2020** (except for those receiving an income support payment that qualifies them to receive the \$550 fortnightly Coronavirus supplement). This payment will be made automatically to eligible individuals from **13 July 2020**.

Each of the \$750 payments will be **exempt from income tax** and will not count as income for the purposes of Social Security, the Farm Household Allowance and Veteran payments.

## Early access to superannuation benefits

The Government will introduce a new compassionate ground of release that will allow individuals to access their superannuation entitlements where those benefits are required to assist them to deal with the adverse economic effects of the Coronavirus, but only where **one or more of the following requirements** are satisfied:

1. The individual is unemployed.
2. The individual is eligible to receive the Jobseeker Payment, Youth Allowance for jobseekers, Parenting Payment (which includes the single and partnered payments), Special Benefit or Farm Household Allowance.
3. On or after 1 January 2020 either:
  - the individual was made redundant; or
  - the individual's working hours were reduced by at least 20%; or
  - if the individual is a sole trader – their business was suspended or there was a reduction in the business's turnover of at least 20%.

Under this new compassionate ground of release, eligible individuals will be able to access (as a lump sum) up to **\$10,000** of their superannuation entitlements before **1 July 2020**, and a further **\$10,000** from **1 July 2020** (subject to a six-month time frame).

Eligible individuals who are looking to access their superannuation entitlements under the above new ground of release will be able to apply directly to the ATO through the myGov website (at [www.my.gov.au](http://www.my.gov.au)) and certify that the relevant eligibility criteria is satisfied.

*Editor: Importantly, such lump sum superannuation withdrawals under this new compassionate ground of release will **not** be taxable to the recipient (i.e., they will be **tax-free**). Also, according to the Government, the amount withdrawn will not affect Centrelink or Veteran's Affairs payments.*

## **Reducing the minimum drawdown amounts for superannuation pensions**

The Government will be temporarily reducing the superannuation minimum drawdown amounts for account-based pensions and similar products by 50% for the 2020 and 2021 income years.

*Editor: This basically means that the total minimum annual pension amount that a superannuation fund is otherwise required to pay to a member receiving a pension from the fund (e.g., an account-based pension) will be reduced by half for these two income years.*

## **Reducing social security deeming rates**

From 1 May 2020, the Government will be reducing both the upper and lower social security deeming rates by a further 0.25 percentage points. This is in addition to the recent 0.5 percentage point reduction, resulting in an overall reduction to the social security deeming rates of 0.75 percentage points.

On this basis, as of 1 May 2020, the upper deeming rate will be reduced from 3% to 2.25%, and the lower deeming rate will be reduced from 1% to 0.25%.

Please Note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should independently verify their interpretation and the information's applicability to their particular circumstances.