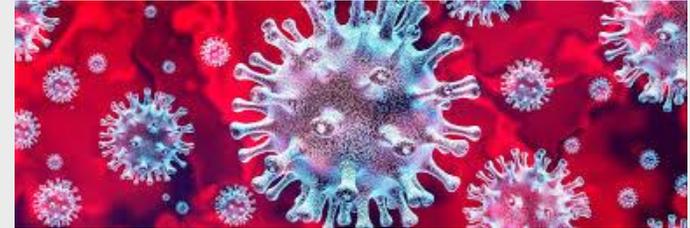




COVID-19

9 April 2020 Update

Support for Business



COVID-19 Assistance Measures

In response to the COVID-19 pandemic, several financial support packages for Australian businesses and sole traders have been announced. The measures have been announced across the following categories:

- 1. Federal Government support**
- 2. State Government support**
- 3. Australian Taxation Office support**
- 4. Financial Institutions support**
- 5. Industry specific measures**

Financial support for business checklist

1. **JobKeeper Payment** – \$1,500 per fortnight per eligible employee of eligible employers (payable then to those eligible employees), available from Mar to Sep 2020 with payments made to employers monthly in arrears. *Apply through to ATO*
2. **Mandatory Code of Conduct re commercial tenancies** – A mandatory Code of Conduct governing landlord and tenant negotiation regarding financially impacted commercial tenancies due to COVID-19. *Landlord/tenant agreement*
3. **PAYG Cash Flow Boost** – a potentially refundable tax credit of between \$20,000 and \$100,000 (credited from April – October) to eligible SME businesses based on PAYG withholding recorded in activity statements. *Lodge your March 2020 and future Activity Statements*
4. **ATO payment support** – vary PAYG instalments to nil and obtain refunds from ATO for amounts paid for year ending 30 June 2020, arrange low or no interest payment plans for other amounts payable to ATO, change GST reporting from quarterly to monthly *Apply through to ATO and consider future tax cash flows*
5. **Support from financial institutions** – potential for loan and interest payment deferrals on existing borrowings and special loans of up to \$250,000 via the SME Guarantee Scheme. *Talk to and apply through your financial institutions*
6. **COVID-19 Job Support Loans (QRIDA)** – Concessional loans of up to \$250,000 available to Queensland businesses to retain employees and maintain operations. *Apply through Queensland Rural and Industry Development Authority*

Financial support for business checklist (cont.)

7. **Payroll Tax Relief** – A range of payroll tax relief measures for small and medium businesses including past payroll tax refunded (Nov and Dec 2019), three month payroll tax holiday (Jan – Mar 2020) and deferrals of Apr – Dec 2020 liabilities until Jan 2021. *Apply through the Office of State Revenue*
8. **Support for Apprentices and Trainees** – a wage subsidy of 50 per cent of their apprentice's or trainee's wage paid during the 9 months from 1 January 2020 to 30 September 2020, up to a maximum of \$7,000 per eligible apprentice or trainee per quarter. *Apply through your Australian Apprenticeship Support Network (AASN) Provider*
9. **Early access to super due to financial hardship** – individuals can access up to \$20,000 from superannuation (\$10,000 before 30 June 2020 and \$10,000 immediately afterwards) *Apply through MyGov*
10. **Instant asset write off and accelerated depreciation** – may generate future tax savings where business assets are acquired prior to 30 June 2020 or 2021. *Consider tax planning and discuss with your tax advisor*
11. **Relief for Financially Distressed Businesses** - A range of measures have also been announced to provide temporary relief for financially distressed businesses and their Directors against being pushed unnecessarily into insolvency or being wound up. *Discuss with your professional advisor or a business recovery specialist if under extreme financial duress*

JobKeeper Payments

Employers are required to apply to the ATO to be eligible for the JobKeeper Payment

Eligible employers (turnover test) must also have eligible employees

- The JobKeeper Payment is a subsidy to businesses, intended to keep more Australians in jobs through the course of the COVID-19 outbreak.
- Eligible employer's must be able to demonstrate (actual or expected) turnover reductions of:
 - Less than \$1 billion annual turnover – 30% or more;
 - Greater than \$1 billion annual turnover – 50% or more; and
 - Registered charity - 15% or more; and
 - Not be subject to the Major Bank Levy or otherwise be excluded (e.g. local governments)
- Sole traders and businesses without employees (company, partnership, trust) will be eligible to receive the JobKeeper Payment for one nominated individual that is actively engaged in the business where they meet the above turnover tests
- Turnover reductions are generally measured based on activity statement disclosure of turnover for current period and prior year comparison period
- Detailed guidance has not yet been released as to how the turnover reduction tests can be met in special circumstances (e.g. new businesses, acquired businesses, seasonal incomes, low income in 2019 due to natural disasters, rapid growing businesses now in decline)

JobKeeper Payments (cont.)

- Eligible employees are those that are:
 - Employed by employer at 1 March 2020 and still employed (may include stood down or re-hired staff);
 - Full-time, part-time or long-term casuals (casual employees must have been employed for longer than 12 months at 1 March 2020 with special rules for continuing casual employees of businesses that have been sold or transferred between employers within corporate groups);
 - At least 16 years of age;
 - Residing in Australia and Australian Citizens or holders of permanent or special category (Subclass 444) visa holders at 1 March 2020; and
 - Are not in receipt of a JobKeeper payment from another employer or recipient of Parental Leave Payment from Services Australia.
- Single touch payroll being enabled will facilitate payments, manual options are also available
- Eligible employers will be paid \$1,500 per fortnight per eligible employee (gross amount, before tax). Eligible employees will receive, at a minimum, \$1,500 per fortnight, before tax (PAYG withholding obligations remain with employer, superannuation guarantee may apply too)
- Detailed information on the application, reporting requirements (monthly re: employees and turnover) and other process matters yet to be released

Mandatory Code of Conduct for Commercial Tenancies

Landlords and eligible tenants to discuss, agree and document temporary changes to commercial leases

Mandatory code applies from 30 March 2020 and must be followed by both parties in good faith

Eligible tenants are those that turnover over less than \$50m and are eligible for JobKeeper payments

- Rent relief to eligible tenants to be proportionate to the reduction in their business turnover (practical challenges in here in helping landlords gain comfort as the level of reduced business turnover)
- Rent relief period is 6 months (Apr to Sep) + reasonably recovery period (the latter likely to be situational, not prescribed)
- Rent relief to be provided as follows:
 - At least 50% to be a rental waiver (i.e., temporary reduction in rent payable, not payable in future)
 - The balance to be a rent deferral (payable to the landlord post-recovery over longer of two years or remaining lease term)
- Tenant remains locked into lease term (or risks losing rent relief) and the terms of the lease generally
- Landlord not able to terminate lease, access securities / guarantees, increase rent during rent relief period
- Best practice will be for agreed outcomes to be documented in a binding deed executed by both tenant and landlord
- Limited detail at the moment, may be intentional to encourage genuine, transparent and good faith based outcomes

Action List

With all the measures that have been announced, how do you prioritise and action what applies to you and your business? We have outlined below some key actions you can take now to leverage the support that is available:

- Assess your eligibility against the criteria for measures announced
- Submit applications for those relevant Government measures
- Engage early with your financial institution and landlord to negotiate amendments
- Ensure all tax lodgements (activity statement, returns etc.) are up to date
- Forecast your financial performance for the next 12 to 24 months and identify cash deficiencies
- Develop an action plan for addressing downturn in revenue and adjustment of cost base
- Seek professional assistance in relation to your circumstances or action plan



P A R T N E R S

ACCOUNTANTS AND ADVISORS