

## Stable Financial – Survival Guide 2020 and beyond

### Financial support and information for business – effective 31<sup>st</sup> March 2020

It's sobering to think that the Federal Government has to date (during March 2020) initiated stimulus and support measures that total approximately 16% of Australia's GDP. State Governments, the Banking Sector and the ATO are also accommodating the need for some cashflow 'wriggle room'.

The initiatives are mainly designed to encourage collaboration between all of us (employers, employees, banks, government, ATO, landlords, tenants etc.) by using existing systems and technology that are currently in place e.g. the tax system, the banking system.

Although much is intertwined, the 3 key areas are that of employment, cashflow and investment.

Stable Financial are here to help you as much as we can to ensure that you have the right information and can make informed decisions.

Our dedicated team is working very hard to help you understand your cash position and to assist you make very important decisions so that you may survive and prosper into the future.



**Adam Tims**

Executive Director – Stable Financial

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### In Brief

- The JobKeeper wage subsidy is the latest COVID-19 business support announced in Australia, available to businesses and sole traders that have suffered a big slump in revenue (i.e.; greater than 30%).
- Banks are offering loan repayment deferrals and other support, and the ATO is open to payment deferrals and remitting interest and penalties on outstanding payments.
- State and territory governments are deferring payroll tax payments and other fees.

This guide is a quick reference to the COVID-19 related tax and financial support that might be available to your business including the key measures, eligibility requirements, relevant dates, information about ATO assistance; and details of support from the banking sector and State Governments. We also provide some **Stable Financial Tips** along the way. We trust this resource is of value to you and your business.

## Support from the federal government

As at 31 March 2020, Australia’s federal government has announced three rounds of financial measures to support the economy through the coronavirus pandemic. For SMEs there is a strong focus on providing assistance for maintaining and retaining employees over the next six months and stimulating business investment. The Government has flagged that more support is coming and we will keep you updated of changes that are likely to impact on you.

### Snapshot – support for business

#### ❖ Employment Support

From	Stimulus	Eligibility	Trigger for support	Stable Financial Tips
30 March for up to six months	<ul style="list-style-type: none"> <li>• <b>\$1,500 JobKeeper payment.</b> A \$1,500 (before tax) per fortnight per employee wage subsidy paid through employers to the employee and administered by the ATO.</li> </ul>	<ul style="list-style-type: none"> <li>• Employer - &gt; 30% downturn (&gt;50% for businesses with turnover of \$1bn or more).</li> <li>• Employee – employed as at 1 March (other conditions apply).</li> <li>• Self-employed individuals can also access this.</li> </ul>	<ul style="list-style-type: none"> <li>• Employer applies to ATO.</li> </ul>	<ol style="list-style-type: none"> <li>1. The support is paid in arrears so you will need to fund at least a month of salary until you are reimbursed. You may have to approach a bank for this cashflow need.</li> <li>2. Be sure that your BAS and tax obligations are up to date.</li> <li>3. Be sure that you have moved to Single-touch payroll.</li> </ol>
1 Jan 2020 – 30 Sept 2020	<ul style="list-style-type: none"> <li>• Wage subsidy of 50% of an apprentice’s or trainee’s wage for up to 9 months from 1 January 2020 to 30 September 2020. Accessible to businesses with less than 20 employees. Employers receive up to \$21,000 per apprentice (\$7,000 per quarter).</li> </ul>	<ul style="list-style-type: none"> <li>• Businesses with &lt; 20 employees.</li> <li>• Employee must have been paid by business from 1 March 2020.</li> </ul>	<ul style="list-style-type: none"> <li>• Applications from 2 April through <a href="#">Australian Apprenticeship Support Network providers</a></li> </ul>	

## ❖ Boosting cash flow for business

From	Stimulus	Eligibility	Trigger for support	Stable Financial Tips
From 28 April 2020	<ul style="list-style-type: none"> <li>Tax-free cash flow support between \$20,000 and \$100,000 (paid in two rounds of up to \$50,000) for businesses with an annual aggregated turnover &lt; \$50 million and make certain payments to staff by 30 June 2020.</li> </ul>	<ul style="list-style-type: none"> <li>Annual aggregated turnover &lt; \$50m.</li> <li>Pay staff between 1 January 2020 and 30 June 2020 (includes not-for-profit businesses).</li> <li>Business must have been established by 12 March 2020.</li> </ul>	<ul style="list-style-type: none"> <li>Automatic on lodgement of March Activity Statement and later Activity Statements</li> </ul>	<ol style="list-style-type: none"> <li>Administered through the existing ATO BAS system so ensure that all your lodgements are up to date.</li> <li>You will need to have transitioned to the single touch payroll system.</li> </ol>
	<ul style="list-style-type: none"> <li>Ability to reduce PAYG instalments amounts to zero for March.</li> <li>Can claim a refund of PAYG for September 2019 and December 2019.</li> </ul>	<ul style="list-style-type: none"> <li>Financial distress</li> </ul>	<ul style="list-style-type: none"> <li>Contact the ATO</li> </ul>	<ol style="list-style-type: none"> <li>You should ascertain your interim tax position with your accountant in order to arrive at the appropriate instalment amounts for the 9 months to 31 March 2020.</li> </ol>
	<ul style="list-style-type: none"> <li>Up to 9 month deferral for payment of activity statements, income tax, FBT, excise duty</li> </ul>	<ul style="list-style-type: none"> <li>Financial distress</li> </ul>	<ul style="list-style-type: none"> <li>Contact the ATO</li> </ul>	<ol style="list-style-type: none"> <li>The tax remains payable in the future so be careful to defer tax payments if the business will battle to meet these later on.</li> </ol>

❖ Investment Incentive

From	Stimulus	Eligibility	Trigger for support	Stable Financial Tips
12 March 2020 – 30 June 2020	<ul style="list-style-type: none"> <li>Instant asset write-off increased to \$150,000 and extended to businesses with an annual turnover &lt; \$500 million.</li> </ul>	<ul style="list-style-type: none"> <li>Annual turnover &lt; \$500m.</li> <li>Assets used or installed ready for use between 12 March and 30 June 2020.</li> </ul>	<ul style="list-style-type: none"> <li>2019-20 tax return lodgement.</li> </ul>	<ol style="list-style-type: none"> <li>Tax planning essential as you need to know your FYE 2020 tax position. Do you really need the deduction?</li> <li>Can you afford the asset? You need to know your cash position.</li> <li>Act very quickly as need to have asset in place by 30 June 2020.</li> </ol>
12 March 2020 – 30 June 2021	<ul style="list-style-type: none"> <li>Accelerated depreciation deductions - ability to deduct 50% of the cost of the asset plus normal depreciation deductions on the remaining cost amount in the year of purchase.</li> </ul>	<ul style="list-style-type: none"> <li>Annual turnover &lt; \$500m.</li> <li>New assets acquired from 12 March and used or installed ready for use by 30 June 2021.</li> </ul>	<ul style="list-style-type: none"> <li>2019-20 and 2020-21 tax return lodgement.</li> </ul>	

## ❖ Relief for Directors

From	Stimulus	Eligibility	Trigger for support	Stable Financial Tips
25 March – 24 September 2020	<ul style="list-style-type: none"><li>• Safe harbour from director's duty to prevent trading while insolvent – a safe harbour for directors temporarily trading while insolvent as a result of the pandemic</li></ul>	<ul style="list-style-type: none"><li>• Company directors</li><li>• Debts incurred in the ordinary course of running the business</li></ul>		
25 March – 24 September 2020	<ul style="list-style-type: none"><li>• Solvency safety net – temporary 6 month increase to the threshold at which creditors can issue a statutory demand on a company from \$2,000 to \$20,000, and an increase in the time companies have to respond from 21 days to 6 months.</li></ul>	<ul style="list-style-type: none"><li>• Companies and directors</li><li>• Debts incurred in the ordinary course of running the business</li></ul>		

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## ATO assistance during COVID-19

The Australian Taxation Office (ATO) will provide support to taxpayers affected by COVID-19.

For individuals and businesses that may be having financial difficulties due to the current business conditions, the ATO is providing assistance in the form of payment deferrals, tax variations, interest and penalty remissions, etc. as follows:

### 1. **Payment deferrals**

If you have been impacted by COVID-19, the ATO has undertaken to work with taxpayers and their tax agent to facilitate deferral of a range of tax payments, including tax instalments, FBT, GST, etc.

## **2. PAYG (Pay-as-you-go) instalment variations**

The ATO is loosening the rules regarding variations. Businesses that vary their PAYG instalment rate or amount for the March 2020 quarter can also claim a refund for any instalments made for the earlier September 2019 and December 2019 quarters.

## **3. Remitting interest and penalties charged**

Where you or your business is affected by COVID-19, the ATO will consider remitting interest and penalties incurred after 23 January 2020 that have been applied to tax liabilities that remain unpaid during this disruptive period.

## **4. GST payments**

The ATO is easing the ability for businesses to change their reporting cycle (between quarterly and monthly) in order to enhance their cash flow with respect to either receiving BAS refunds sooner or deferring BAS payments to a later date.

## **5. Superannuation guarantee payments**

The ATO has advised that employers still need to meet their superannuation guarantee obligations, and that the ATO cannot vary the contribution date or waive the superannuation guarantee charge where super guarantee payments are late or unpaid.

## **Stable Financial Tips**

1. We strongly recommend that approaches to the ATO are made through your tax agent.
2. If you are able to defer tax payments understand that these remain payable in the future and you should be aware of your cashflow projections to ensure that you can meet such payments in the future.

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## **Banking sector support**

The Australian government, Reserve Bank of Australia and Australian Prudential Regulation Authority are working with Australia's large banks to facilitate the flow of credit. The following are some of the key measures as they primarily apply to SMEs:

### **1. SME Guarantee scheme**

- Eligible lenders will provide unsecured working capital loans up to a maximum of A\$250,000.
- The Australian government will guarantee 50% of the loan issued by the eligible lenders.

- The loans will be for periods up to three years with an initial six-month repayment holiday.
- Application periods run from early April 2020 to 30 September 2020.
- Proposed drawdown facility with interest only paid on the amount drawn down.
- Simpler and faster application processes.
- Loans subject to lenders' credit assessment process, with consideration made for business disruption associated with COVID-19.

## **2. Reducing the cost of credit**

The Reserve Bank of Australia has introduced a number of measures into finance and credit markets designed to put downward pressure on borrowing costs for both households and businesses. These measures have facilitated the ability of major lenders to provide most (if not all) the following credit concessions:

- Interest rate reductions for both small businesses and households.
- Additional interest rate reductions on SME business loans, most commencing during March 2020.
- Relief from fees for Merchant Facility customers that are either facing financial hardship or seek to temporarily suspend a facility until they recommence trading or wish to permanently close the facility.

## **3. Loan repayment deferrals**

The introduced measures noted above have also assisted with the provision of loan repayment deferrals as follows:

- Defer loan repayments (principal and interest) for up to six months for both SMEs and home loan customers.
- Pause business credit card repayments for up to six months.
- Commercial landlords with loans up to A\$10M can delay loan repayments for up to six months on the condition that they do not evict tenants or terminate a lease due to rent arrears during that six months.

## **Stable Financial Tips**

- 1.** Please note that your respective lender (including Inglis and Magic Millions) should be contacted with the specific concessions being provided which may include others not noted above.
- 2.** If you are able to negotiate banking repayments or be offered extra lines of credit, understand that these remain payable in the future and you should be aware of your cashflow projections to ensure that you can meet such payments in the future.

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## **Support from State & Territory Governments**

### **Victoria**

#### **Payroll tax waivers and deferrals**

If your business has annual taxable wages of up to \$3m:

- 2019-20 Payroll tax is waived. State Revenue is contacting eligible businesses and refunding them directly (from 27 March 2020).
  - Returns still need to be lodged but no further payments need to be made.
- 2020-21 Payroll tax can be deferred for July – September (first quarter). You will need to apply for the deferral.

The \$3m eligibility threshold applies to each employer. Any member of a group that pays Victorian taxable wages of up to \$3m per annum will be eligible for the relief.

#### **Land tax deferrals**

Landowners can defer their 2020 land tax payment if they have at least one non-residential property and total taxable landholdings below \$1 million.

- Non-residential property includes; commercial property, industrial property, and vacant land (excluding residential vacant land).

#### **Grants of up to \$10k**

Businesses can apply for grants of up to \$10,000 for costs such as utilities, rent and salaries, and activities to support business continuity planning. To be eligible, businesses must:

- Employ staff
  - Been subject to closure or are highly impacted by Victoria's Non-Essential Activity Directions issued by the [Deputy Chief Health Officer to-date](#)
  - Have a turnover of more than \$75,000
  - Have payroll of less than \$650,000
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## New South Wales

### Payroll Tax refunds and deferrals

For all NSW employers, on 1 July 2020, the tax-free threshold will increase from \$900,000 to \$1 million.

If your business has grouped Australian wages of **\$10m or less in 2019-20**, then:

- Your annual liability will be reduced by 25% when you lodge your annual reconciliation (due 28 July). Any refunds owing will be paid at that time.
- For monthly payers, no payment will be required for March 2020, April 2020, or May 2020, and you have an option to defer for an additional 3 months (as long as your total grouped payroll remains under \$10m).

For businesses with grouped Australian wages **above \$10m in 2019-20**, you have the option to defer the liability for up to 6 months. There is no need to make payment for March 2020 (normally due 7 April).

See [Revenue NSW](#)

### Flexible long service leave arrangements

From 24 March 2020 for six months, employees and employers can agree:

- For the employee to take long service leave without the normal one month's notice period.
- For the employee to take long service leave in smaller blocks (rather than blocks of a month). The legislation is vague about what this means but gives the example of an employee taking long service leave for one or two days a week.

### Parking space levy deferral for six months

Parking space levy payments will be deferred until 30 September 2020.

### Government owned property – deferral of commercial rents

For commercial tenants with less than 20 employees, rent in Government owned property will be deferred for six months.

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## **Queensland**

### **Payroll Tax**

If your business is an employer that pays \$6.5 million or less in Australian taxable wages:

- 2 months of your payroll tax will be refunded. The QLD Office of State Revenue will contact eligible employers directly to issue the refund, and
- No payroll tax needs to be paid for 3 months.

In addition, you can apply for a deferral of payroll tax for the 2020 calendar year.

Employers (or part of a group of employers) that pay more than \$6.5 million in Australian taxable wages that have been negatively affected by coronavirus, can apply (by 31 May 2020) for a:

- Deferral of payroll tax for the 2020 calendar year (If you have already applied for a deferral, you do not need not reapply) ([apply here](#)), and
- 2 month payroll tax refund ([apply here](#)).

Payroll tax returns will still need to be lodged.

See [Coronavirus payroll tax relief](#)

### **Rent relief for Government premises**

The Government will provide 6 months relief for businesses who rent premises from the state government.

### **Electricity bill rebate**

Sole traders, small and medium businesses will get a \$500 rebate on their power bill. Any business consuming less than 100,000 kilowatt hours will receive the rebate, which will be automatically applied on business electricity bills.

### **Concession loans of up to \$250k with an initial interest free period**

A loan facility of at least \$500 million, interest free for the first 12 months, is being created to help business retain employees and maintain operations.

The concessional loan facility comprises low interest loans of up to \$250,000 for carry on finance with an initial 12-month interest free period for businesses to retain staff. Any eligible business will be able to apply for a loan.

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## **Further State Assistance**

To find out the latest details of assistance being offered by other Australian state and territory governments, ***Ctrl+Click to follow the links:***

**South Australia:** [COVID-19 business information and support](#)

**Western Australia:** [WA coronavirus relief package](#)

**Northern Territory:** [Jobs Rescue and Recovery](#)

**Australian Capital Territory:** [COVID-19 Economic Survival Package](#)

**Tasmania:** [Business Tasmania COVID-19 Business Support, Grants and Loans](#)