

Ensuring your Business success beyond COVID-19

Accountants & Advisors

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30 years of operating and supporting clients in Melbourne's North West



6 Partners and a team of 50 staff to assist



Dealing with businesses of all sizes; start ups through to large corporations focusing on:

- ▶ Business strategy & protection
- ▶ Wealth creation
- ▶ Accounting & Tax

Federal Government Initiatives



Tax-Free payments of up to \$100,000 for eligible small & medium businesses based on their PAYG withholding obligations



Eligibility:

- ▶ Less than \$50m turnover based on prior year
- ▶ Held ABN and had employees at 12 March 2020
- ▶ Made payments that you are required to withheld from March to June 2020



Payment delivered by the ATO as a credit upon lodgement of your March 20 BAS from 28 April 2020

- ▶ March 20 BAS to pay in full first, then apply for the refund
- ▶ Existing ATO debt – the credit will offset other debts



Multiple entities within a group could be individually eligible



Support provided to those directly affected by COVID-19



PAYG Tax Instalments:

- ▶ Variation of March 2020 quarter instalment to nil
- ▶ Refund of September 2019 and December 2019 quarter instalments already paid



Payment Deferrals:

- ▶ Up to 6 months for amounts due through your BAS, Income Tax and FBT



Remission of Interest and Penalties incurred on or after 23 January 2020











Payment Plans:

- ▶ Low interest payment plans on outstanding ATO liabilities

Instant Asset Write Off (Expiry 30 June 2020)



-  Instant Asset write-off threshold has been increased to \$150,000 (excluding GST)
-  For businesses with an aggregated turnover of <\$500M
-  Applies to NEW and USED Assets
-  Purchased the asset from:
 -  12 May 2015 - Small-sized business (Turnover less than \$10m)
 -  2 April 2019 - Medium-sized business (Turnover less than \$50m)
-  Installed and ready for use from 12 March 2020 to 30 June 2020
-  SBE General Pool balance is <\$150K at 30 June 2020 – you can fully deduct balance

50% Business Investment Incentive (Expiry 30 June 2021)



Operate to accelerate certain depreciation deductions



This will allow an immediate deduction of 50% of the cost of an eligible asset on installation (excluding GST)



The remaining balance of the cost to be depreciated as normal



For businesses with an aggregated turnover of <\$500M



Only applies to NEW assets first used









Purchased after 12 March 2020



Installed and ready for use from 12 March 2020 to 30 June 2021






Wage Subsidy for Apprentices/Trainees



-  To support the retention of apprentices and trainees
-  Employees with < 20 full-time employees who have an apprentice or trainee as at 1 March 2020 and retain them
-  Entitled to apply for government funded wage subsidy amounting to 50% of an apprentice or trainees wage for up to 9 months from 1 January 2020 to 30 September 2020
-  Maximum subsidy of \$21,000 per apprentice/trainee
-  Funds will be paid directly to the employer each quarter up to a maximum of \$7,000 per apprentice/trainee
-  Applications made through your local Australian Apprenticeship Support Network (AASN)

Government Backed Loans



-  Government will provide a security guarantee of 50% to banks for businesses with a turnover <\$50M
-  Maximum loan of \$250K per borrower with a term of up to 3 years (repayment holiday for the first 6 months) subject to the lender's credit assessment process
-  Unsecured loans entered into from 1 April 2020 to 30 September 2020
-  Interest will capitalise during the repayment holiday
-  Interest rates will be determined commercially by lenders

Bank Loan Deferrals



Australian Banks will defer loan repayments for 6 months for businesses with debt of <\$10M



Customers will have to advise they have been impacted by COVID-19



Banking terms have been met for the last 90 days (before COVID-19)



Interest will capitalise during the repayment holiday meaning either:

- ▶ The term of the loan is extended; or
- ▶ Payments are increased after the deferral period



The purpose of the Code is:

- ▶ To set good faith leasing principles between the parties to assist with cashflow for SME businesses that have been impacted by COVID-19



The Code will apply to business tenants eligible for the Government's JobKeeper payment with an annual turnover <\$50M



The Code will be agreed between the parties and tailored for the unique circumstances of the tenancy arrangement



Under the Code, based on the reduction of turnover, a portion of rent can be Deferred or Waived



No termination of Leases - Landlords must not terminate leases for non-payment of rent



Providing temporary relief for directors from any personal liability from trading whilst insolvent

- ▶ For 6 months from 25 March 2020



Increasing the threshold for creditors issuing a statutory demand to \$20K where previously:

- ▶ Companies were \$2,000
- ▶ Individual were \$5,000



Increased time of 6 months (up from 21 days) to respond to:

- ▶ Statutory Demands for companies
- ▶ Bankruptcy Notices for individuals



Payment to support businesses to retain employees



Eligible Employers:

- ▶ <\$1 Billion in Turnover and >30% reduction in Australian sales (Month to Month comparison to previous year)
- ▶ Had employees at 1 March 2020



Eligible Employees:

- ▶ Full-time, Part-time, Casuals (> 12 months), 16 years and older, Australian Citizens, Permanent Residents and other types of visa holders
- ▶ Employed (including stood down) at 1 March 2020



Amount is \$1,500 per fortnight (before tax) per eligible employee up to 6 months from 30 March 2020

- ▶ Employee usually earns less – employee receives full \$1,500
- ▶ Employee usually earns more – employee receives normal pay (\$1,500 is subsidised)



Issues:

- ▶ Payments are made monthly in arrears – First payment received in 1st week of May for previous month
- ▶ PAYG Withholding – needs to be withheld from the payments made to employees
- ▶ Other Costs:
 - Super – payable on normal salary amount
 - Payroll Tax, Workcover, Leave entitlements (still accrue)
- ▶ Turnover assessment – 30% reduction can be assessed at a later time for a future month until 30 September 2020
- ▶ Apprentice Wage subsidy – if eligible, JobKeeper payment will take over from 1 April 2020

Victorian Government Initiatives



Payroll tax waived/refunded:

- ▶ For the 2019/20 financial year for eligible businesses with Victorian taxable wages < \$3M
- ▶ Per employer – not grouped



These businesses will also be able to defer payroll tax for the first 3 months of 2020/2021 financial year until 1 January 2021



Application Process:

- ▶ Apply for the refund of payments already made on SRO website for quicker returns
- ▶ Otherwise the SRO will contact all eligible employers



Fund to support the hardest hit industries such as hospitality, tourism, accommodation, arts & entertainment, and retail



Grant of up to \$10K and needs to be used for a particular purpose



Small businesses eligible:

- ▶ Have been subject to closure or are highly impacted by Victoria's shutdown restrictions announced to date
- ▶ Employs staff in 2019/20 and have Payroll <\$650K
- ▶ Turnover >\$75K



Think about the best businesses:

- ▶ How they operate
- ▶ How you can emulate them



Update your financial projections:

- ▶ Know your break-even point
- ▶ Understand your daily Cash burn



Estimate financial impacts:

- ▶ Plan for different scenarios:
 - Drop in sales
 - Delayed debtor collection
 - Difficulty in obtaining stock
 - Availability of workforce



Understand your employee entitlements:



Act now to improve your cashflow:

- ▶ Contact your debtors
- ▶ Talk to your suppliers
- ▶ Talk to your landlord



Protecting the business cash:

- ▶ Credit checks on debtors & new customers



Protect your personal assets:

- ▶ Understand your personal obligations as a director
- ▶ Undertake a review of what directors guarantees you have provided
- ▶ Secure the money you have lent to your business



Next phase of Business & protecting the brand:

- ▶ 3-Way Forecasting
- ▶ Sensitivity Reporting
- ▶ Data Integrity



Government support for future planning for businesses:

- ▶ AusIndustry EP grant

Disclaimer

This presentation has been prepared by Matthews Steer Pty Ltd (ABN 69 006 726 736) 'Matthews Steer' based on information provided to us and our understanding of your current situation. Every effort has been made to ensure that it is accurate, however it is not intended to be a complete description of the matters described. Where necessary we have made certain assumptions and we have clearly indicated what these assumptions are in the relevant sections. All the references made in this presentation relate to the Income Tax Assessment Act 1997 unless otherwise stated.

We are offering a 1 hour **free** consultation to discuss your business and these measures.

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THANK YOU

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