

Business Advisory Update

09 April 2020

Overview (9 April 2020)

It was a busy few days since our last webinar with the JobKeeper legislation being approved last night and the proposed Code of conduct for commercial tenants and landlords being released on Tuesday.

Our programme today is:

1. Look at the new JobKeeper legislation which has given us a lot more detail on how employers and employees can behave while accessing JobKeeper payments. Unfortunately we saw no real changes to eligibility for both employers and employees from the Treasury Release on Sunday night, meaning many Australians and small business owners will miss out – particularly husband and wife businesses. See Link https://treasury.gov.au/sites/default/files/2020-04/Fact_sheet_supporting_businesses_0.pdf
2. Discuss the new code of conduct for commercial tenancies
3. Open up the floor for Q&A with Phoebe and Rod



Trinity Accountants
Your partner in business



SURVIVING THROUGH COVID-19
BUSINESS GUIDE &
7 POINT CHECKLIST


Last updated with current Government announcements 08 April 2020



Surviving through Covid-19: Business Guide & 7 Point Checklist

Download via our website on
the Covid-19 page

www.trinityaccountants.com.au

A microscopic view of several coronavirus particles, which are spherical with a greyish core and numerous red, spike-like protrusions. They are set against a dark blue background with a bokeh effect of light spots.

Government
\$130b wage
support package

JOBKEEPER

Updated
8 April 2020

JobKeeper Legislation – updated 08 April 2020

The government passed the JobKeeper legislation last night. The new Legislation works with the Fair Work Act and temporarily enables employers to issue “**JobKeeper enabling directions**”. This legislation will be automatically repealed on 28 September 2020. The purpose is to assist employers who qualify for the JobKeeper scheme to deal with the economic impact of COVID-19. This will help ensure, where reasonably possible, employees remain productively employed during the pandemic, and continue to contribute to the business of their employer where it is safe and possible for the business to continue operating.

The new legislation provides (subject to various safeguards) for increased flexibility around:

1. Employees’ hours of work, **but not** hourly rate of pay
2. performance of different duties
3. location of work
4. days and times of work
5. taking paid annual leave, including at half pay

An employer must consult the employee before giving a JobKeeper enabled direction; the directions must not be unreasonable, and directions in relation to duties to be performed by an employee or their location of work must be supported by an employer’s reasonable belief this is necessary for the continued employment of one or more employees of the employer.

If no JobKeeper enabling direction or agreement is made, existing rights and obligations are unaffected. An employee does not have to comply with a JobKeeper enabling stand down direction if it is unreasonable. The giving of a JobKeeper enabling direction does not amount to a redundancy. The Fair Work Commission (FWC) will be able to resolve disputes.



JobKeeper

Expanding the five points above, if an employer qualifies for the JobKeeper they can issue to employees:

1. **A stand down direction to work fewer days or hours** because of business changes attributable to the Coronavirus pandemic or government directives. But they cannot reduce an employee's hourly base rate of pay. I.e. the employee's base rate of pay worked out on an hourly basis cannot be less than the base rate of pay worked out on an hourly basis that would have applied to the employee if the direction had not been given.
2. **A direction to an employee about the nature of the employee's duties**, within their skill and competency. The employee must be licensed and qualified to perform the duties (if a licence or qualification is necessary); and the duties should be reasonably within the scope of the employer's normal business operations. An employee does not have to comply with a direction to change duties of work if it is unreasonable in all the circumstances.
3. **A direction that an employee is to perform duties at a place that is different from the employee's normal workplace** such as the employees home. A direction relating to location of work has effect if, the place is suitable for the employee's duties; it does not require the employee to travel a distance that is unreasonable (if not the employees home) and performance of the employee's duties at the place is safe, having regard (without limitation) to the nature and spread of Coronavirus, and is reasonably within scope of the employer's business operations. A direction to change work location does not apply to an employee if it is unreasonable in all the circumstances, including where it impacts on caring responsibilities of an employee.
4. **A direction for working different days or at different times** compared with the employee's ordinary days or times of work. For example, an employee who usually works weekends could reasonably be required to work on weekdays in a situation where their employer's business can no longer trade on weekends as a result of the Coronavirus pandemic.
5. **A direction for taking paid annual leave**. An employee must consider (and must not unreasonably refuse) their employer's request to take annual leave, provided that the leave arrangement would not result in reducing the employee's leave balance to fewer than two weeks. The employer and employee can also agree taking twice as much annual leave at half the employee's rate of pay for a period. This provision is designed to facilitate a range of flexible arrangements to support continuing business operation and the ongoing employment of employees.

JobKeeper Examples

Example 1

Jo is employed as a waiter in Anna's restaurant. Anna's restaurant has reduced operations to takeaway only because of Coronavirus restrictions. Anna qualifies for the JobKeeper scheme in relation to Jo, and gives Jo a JobKeeper enabling stand down direction not to attend work for 4 weeks, compared to her usual roster of 40 hours per week. Anna is required to ensure Jo is paid the appropriate value of JobKeeper payments (\$3000) during the four week JobKeeper enabling stand down period.

Example 2

Rachel works as an administrator for a manufacturing business whose retail operations have moved online as a result of significantly reduced shopfront demand and a 30 per cent reduction in turnover, following the Coronavirus outbreak. Rachel's employer qualifies for the JobKeeper scheme in relation to Rachel and gives her a JobKeeper enabling stand down direction that reduces her ordinary hours of work from 38 to 32 hours per week. Rachel's contractual base pay rate is \$30 per hour, which cannot be reduced for her hours of work, regardless of how many hours she is directed to work. As a result of the JobKeeper enabling stand down direction reducing her hours, Rachel's fortnightly pay has reduced from \$2280 (\$30/hr multiplied by 76 hours worked in a fortnight) to \$1920 (\$30/hr multiplied by 64 hours worked in a fortnight). Rachel must be paid for hours she worked, and as her reduced fortnightly pay is still higher than the value of the fortnightly JobKeeper payment (\$1500) she must be paid that higher amount. However, under the JobKeeper scheme, Rachel's employer can apply the value of the JobKeeper payment towards her fortnightly pay.



JobKeeper Examples

Example 3

Ameisa operates a warehouse and her employees, including Meera are covered under an award. As a storeworker grade 4, Meera generally acts in a leading hand capacity, coordinating the work of other storeworkers, performs liaison duties including with customers, and controlling inventory. Ameisa's business is affected by the Coronavirus pandemic and qualifies for the JobKeeper scheme. Given the downturn in Ameisa's business operations, Meera is not required to perform her usual duties in respect of customer liaison.

In order to keep Meera connected to employment during the pandemic, rather than reducing Meera's hours, Ameisa gives Meera a JobKeeper enabling direction that changes Meera's usual duties and enables her to be retain her regularly rostered hours, albeit in other duties. Ameisa wants Meera to drive a forklift in the warehouse. Because the duties can be performed with appropriate social distancing and in a way that is safe with respect to the nature and spread of Coronavirus, reasonably within the scope of Ameisa's business operations, and Meera holds a current high risk work licence to operate a forklift (class LO), Ameisa is able to give a JobKeeper enabling direction authorised by to drive the forklift.

While Meera's duties have been modified by the JobKeeper enabling direction, the other terms and conditions relating to her employment, such as the days and hours she works, are unchanged.



JobKeeper

How to issue JobKeeper enabling directions:

Any direction must not be unreasonable in all the circumstances (this could, for example, depend on its impact on an employee's caring responsibilities). If a direction is unreasonable in all the circumstances, it does not apply to an employee.

In addition to the reasonableness test in the case of a direction for changed duties or work location, the employer has to support a reasonable belief the direction is necessary to continue the employment of one or more employees.

The employer must give the employee at least three days written notice of the intention to give a direction or lesser period by genuine agreement (although this does not apply if the employer previously provided such notice of the direction and considered any views of the employee in that context), consult the employee about it, and keep a written record of the consultation.

The direction must be in writing (this could include by electronic means). The direction continues in effect until withdrawn or revoked by the employer, or replaced by a new direction given to the employee – this is subject to cessation of the direction at the start of 28 September 2020.

An employee given a JobKeeper enabling direction by their employer must comply with the direction.



JobKeeper

Leave Accruals and Entitlements

During a period when an employee is subject to a JobKeeper enabling direction, the period counts as service including an employee who is subject to a JobKeeper enabling stand down direction. Any entitlements to redundancy pay and payment in lieu of notice of termination are to be calculated as if the direction had not been given.

Secondary Employment or Training requests

An employee who is subject to a JobKeeper enabling stand down direction can ask their employer for permission to engage in reasonable secondary employment, training or professional development and the employer should consider and not unreasonably refuse such requests.



Eligible Employers

SME Employers will be eligible for the subsidy if their business has a turnover of less than \$1 billion and their turnover has fallen by more than **30** per cent.

To establish that a business has faced either a 30 percent fall in their turnover, most businesses would be expected to establish that their turnover has fallen in the relevant month or three months (depending on the natural activity statement reporting period of that business) relative to their turnover a year earlier.

Where a business was not in operation a year earlier, or where their turnover a year earlier was not representative of their usual or average turnover, (e.g. because there was a large interim acquisition, they were newly established or their turnover is typically highly variable) the **Tax Commissioner will have discretion** to consider additional information that the business can provide to establish that they have been significantly affected by the impacts of the Coronavirus.

The Tax Commissioner will also have discretion to set out alternative tests that would establish eligibility in specific circumstances (e.g. eligibility may be established as soon as a business has ceased or significantly curtailed its operations). There will be some tolerance where employers, in good faith, estimate a greater than 30 (or 50) per cent fall in turnover but experience a slightly smaller fall.

The JobKeeper Payment is **available to businesses including companies, partnerships, trusts and sole traders, not-for-profits and charities.**



Eligible Employers

The intent of the JobKeeper Payment is to enable any eligible self-employed person get a wage subsidy regardless of what business structure they use, where:

- the partners in a partnership only receive a share of profits – **BUT** only one partner can be nominated to receive it.
- directors of a company only receive dividends – **BUT** only one director can be nominated to receive it
- beneficiaries of a trust only receive distributions – **BUT** only one individual beneficiary (i.e. not a corporate beneficiary) can be nominated to receive it

I am a Company Director that receives Director fees, am I eligible?

An eligible business can nominate only one director to receive the payment, as well as any eligible employees. Only one person in a director capacity may receive the payment and that individual may not receive the payment as an employee.



Commercial Tenancies Update

The Government has now (07/04/2020) released details on the **proposed** lease and mediation tenancy code for commercial tenants and landlords, once legislated it will be managed by the State Governments and be binding. The code is designed to preserve commercial leases already in place, but give a formulaic recognition of the Covid-19 impacts using the principles of good-faith leasing principles and sharing the pain.

Effectively, landlords will have to reduce leases in proportion to the reduction in the tenant's business income, no less than half of the reduction has to be a rent free waiver (never to be reclaimed) and the other portion of the reduction can be deferred rent to be claimed over a minimum of 24 months. The portion to be rent free (minimum 50%) should constitute a greater proportion of the total reduction in rent payable in cases where failure to do so would compromise the tenant's capacity to fulfil their ongoing obligations under the lease agreement i.e. rent free portion greater than 50%. Regard must also be had to the landlord's financial ability to provide such additional waivers

Landlords can offer better terms to their tenants if so inclined, and many are, but this code outlines the minimum concessions they will have to offer if they don't want to forfeit their legal rights over the lease and possibly have the tenant break the lease penalty free. Recalcitrant property owners also risk missing out on concessions offered by State Governments, local councils and banks. The code supports the Federal Government's business hibernation strategy.



Which tenants and landlords are covered?

The code will apply to tenants with a turnover of \$50m or less and have experienced at least a 30% loss in revenue.

Tenancies where the landlord or tenant are participating or will participate in the JobKeeper program.

How does it work?

The code will operate during the pandemic period, as defined by the period during which the JobKeeper programme is operational.

The rent relief should be proportionate to the reduction in turnover and should comprise unrecoverable waivers (at least 50% of the reduction) and deferrals.

The deferrals can only be recouped over a minimum of 24 months, no matter how much time is left on the lease, even if 12 months only left on the original lease the tenant gets 24 months to catch up the deferrals component – even if they move out!

Landlords cannot terminate a lease on the basis of non-payment of rent, nor draw upon a tenants security during this period.

Rent increases will be frozen, landlords will not be able to enforce penalties on tenants who stop trading or reduce opening hours.

Landlords will not be able to charge interest on unpaid rent and legislative and administrative hurdles to lease extensions will be removed.




Devil is in the detail

As always the devil will be in the detail once the legislation is passed, BUT this gives commercial tenancy landlords and tenants a way to start negotiating ASAP.

Residential rent relief will be considered and implemented by each State and Territory and not by the Federal Government. State legislation is coming to protect both residential and commercial from evictions for 6 months no matter what. Also the Queensland Government has announced a COVID-19 Rental Grant, but only for people who have lost their job and are on Centrelink (not JobKeeper). [Read More here.](#)

As always in this crisis, communication and understanding is key. Each landlord and tenant will have a different situation so you will need to talk to get a fair result for both of you. You can read the [full Code of Conduct here.](#)



A microscopic view of several coronavirus particles, which are spherical with a greyish core and numerous red, spike-like protrusions. They are set against a dark blue background with a bokeh effect of light spots.

Government
\$130b wage
support package

JOBKEEPER

30 March 2020

About the package. JobKeeper Payments to business

The Government has announced the third and the largest coronavirus support package - a \$130 billion economic stimulus package, called "JobKeeper Payment".

The economic impacts of the coronavirus pose significant challenges for many businesses – many of which are struggling to retain their employees.

Under the JobKeeper Payment, businesses significantly impacted by the coronavirus outbreak will be able to access a subsidy from the Government to continue paying their employees. This assistance will help businesses to keep people in their jobs and re-start when the crisis is over. For employees, this means they can keep their job and earn an income – even if their hours have been cut.

The JobKeeper Payment is a temporary scheme open to businesses impacted by the coronavirus. The JobKeeper Payment will also be available to the self-employed.

The Government will provide \$1,500 per fortnight per employee for up to 6 months (\$19,500) and is the equivalent of 70% of the median wage.

The JobKeeper Payment will support employers to maintain their connection to their employees. These connections will enable business to reactivate their operations quickly – without having to rehire staff – when the crisis is over.

Please note that the Parliament need to pass the legislation (planned Wednesday 8th April) so details are subject to change.

https://treasury.gov.au/sites/default/files/2020-04/JobKeeper_frequently_asked_questions_0.pdf



About the package: JobKeeper Payments to business

The details we know so far are:

- This will be paid to the employers in arrears, effectively a reimbursement.
- The JobKeeper payment is designed to keep people in work and the Government expects up to 6 million people will access a \$1,500 fortnightly wage subsidy.
- Staff are your biggest asset – this package gives you certainty to keep your team together. Even employees whose business has been shut down and cannot do any meaningful work or even attend their workplace will receive it.
- However, a person cannot receive both the JobSeeker (Centerlink) and JobKeeper payments. If your employees have been to Centrelink talk to them about cancelling their Centrelink applications - this is a better scheme for them in most cases.



Eligible Employees

Eligible employees are employees who:

- are currently employed by the eligible employer (including those stood down or re-hired)
- were employed by the employer at 1 March 2020
- are full-time, part-time, or long-term casuals (a casual employed on a regular basis for longer than 12 months as at 1 March 2020)
- are at least 16 years of age
- are an Australian citizen, the holder of a permanent visa, a Protected Special Category Visa Holder, a non-protected Special Category Visa Holder who has been residing continually in Australia for 10 years or more, or a Special Category (Subclass 444) Visa Holder
- are not in receipt of a JobKeeper Payment from another employer

If your employees receive the JobKeeper Payment, this may affect their eligibility for payments from Services Australia as they must report their JobKeeper Payment as income.

Businesses that use Single Touch Payroll will need to report payments made to employees to support the online claims process.

Where businesses do not report through Single Touch Payroll, there will be a manual claim process, although Treasury has yet to reveal further details.



Payment Process

Eligible employers will be paid \$1,500 per fortnight per eligible employee. Eligible employees will receive, at a minimum, \$1,500 per fortnight, before tax, and employers are able to top-up the payment.

Where employers participate in the scheme, their employees will receive this payment as follows.

- If an employee ordinarily receives \$1,500 or more in income per fortnight before tax, they will continue to receive their regular income according to their prevailing workplace arrangements. The JobKeeper Payment will assist their employer to continue operating by subsidising all or part of the income of their employee(s).
- If an employee ordinarily receives less than \$1,500 in income per fortnight before tax, their employer must pay their employee, at a minimum, \$1,500 per fortnight, before tax. It will be up to the employer if they want to pay superannuation on any additional wage paid because of this uplift to the employees normal wage.
- If an employee has been stood down, their employer must pay their employee, at a minimum, \$1,500 per fortnight, before tax.
- If an employee was employed on 1 March 2020, subsequently ceased employment with their employer, and then has been re-engaged by the same eligible employer, the employee will receive, at a minimum, \$1,500 per fortnight, before tax.

Payments will be made to the employer monthly in **arrears** by the ATO.



How to apply?

Businesses with employees

Initially, employers can register their interest in applying for the JobKeeper Payment via The Australian Taxation Office (ATO). Subsequently, eligible employers will be able to apply for the scheme by means of an online application. The first payment will be received by employers from the ATO in the first week of May.

Eligible employers will need to identify eligible employees for JobKeeper Payments and must provide monthly updates to the ATO. Participating employers will be required to ensure eligible employees will receive, at a minimum, \$1,500 per fortnight, before tax. It will be up to the employer if they want to pay superannuation on any additional wage paid because of the JobKeeper Payment.

Businesses without employees

Businesses without employees, such as the self-employed, can register their interest in applying for JobKeeper Payment via The Australian Taxation Office (ATO) from 30 March 2020.

Businesses without employees will need to provide an ABN for their business, nominate an individual to receive the payment and provide that individual's Tax File Number and provide a declaration as to recent business activity.

People who are self-employed will need to provide a monthly update to the ATO to declare their continued eligibility for the payments. Payment will be made monthly to the individual's bank account.



The background features a blue gradient with several 3D models of coronavirus particles, each with a grey spherical core and numerous red, spike-like protrusions. A large white diamond shape is centered on the page, outlined in light blue. The bottom half of the page has a dark blue background with a repeating geometric pattern of small triangles.

Covid-19 Jobs
Support Loans

Covid-19 Jobs Support Loans

(Opened 26 March 2020)

1. About the scheme

The Queensland Government \$500 million COVID-19 Jobs Support Loans scheme is being provided to assist Queensland businesses and non-profit organisations financially impacted by COVID-19 retain employees and maintain their operations.

This assistance measure is being delivered by the Queensland Rural and Industry Development Authority (QRIDA).

2. Loans available

2.1 Concessional loans are available up to 50 per cent of an eligible entity's annual wage expense, to a maximum of **\$250,000**.

- *The annual wage expense is the average of an entity's wage expense including superannuation over the 2017/18 and 2018/19 financial years and may include the salaries, or drawings of business owners, if they work in the business.*

QRIDA's online application form will guide you in working out the maximum loan for which you can apply. Please contact QRIDA if you need any further assistance.



Covid-19 Jobs Support Loans

3. How loans may be used

3.1 Concessional Loans may be used to meet an entity's working capital expenses. Examples of eligible expenses include:

- a) paying employee wages;
- b) paying creditors and existing business loan and equipment finance payments;
- c) paying rent and rates;
- d) buying goods, including fuel, for the purposes of carrying on the business.

3.2 Ineligible expenses include:

- a) refinancing existing business loans or equipment finance;
- b) purchasing new equipment or other assets.



Covid-19 Jobs Support Loans

4. Eligibility

4.1 To be eligible for a concessional loan applicants must:

- a) be an eligible business which holds an ABN and is registered for GST, or an incorporated non-profit organisation;
- b) have one or more equivalent full-time employees in Queensland;
- c) have operated the business or non-profit organisation since 1 July 2017;
- d) have suffered a loss of income as a result of COVID-19.

- *Eligible business types include sole traders, partnerships, private and public companies and trusts.*
- *A full-time employee is an employee who works at least 35 hours each week in the entity.*
- *Owners of a business may be regarded as employees if they work in the business.*

4.2 Applicants must also:

- a) be considered viable under normal business conditions;
- b) be able to service the loan under normal business conditions;
- c) intend to continue operations after receiving the loan;
- d) intend to use any surplus liquid reserves or normal credit sources up to normal credit limits, in conjunction with the loan to continue operations.



Covid-19 Jobs Support Loans

5. Loan security

5.1 Loans up to \$100,000 will require no loan security.

5.2 Loans over \$100,000 and up to \$250,000 are to be secured by a General Security Agreement.

- A General Security Agreement is a general charge over the business assets of an entity.

6. Loan terms and interest rates

6.1 The term of concessional loans is 10 years.

6.2 The first year of the loan will be repayment free and no interest will be charged.

6.3 Following the first year, payments will be interest-only for two years.

6.4 After this, principal and interest repayments will apply for the remaining term.

6.5 Loan payments when they commence will be on a monthly basis.

6.6 An interest rate of 2.5 per cent will apply to the loan from commencement of the second year and for the remainder of the loan term.



Covid-19 Jobs Support Loans

7. How to apply

7.1 To apply for a loan:

(a) read this guideline and discuss your application with your lender and financial or business advisors;

(b) complete and submit your application and supporting documents to QRIDA online at:

www.qrida.qld.gov.au/current-programs/covid-19-business-support/queensland-covid19-jobssupport-scheme

7.2 The scheme will be open to applications *until 25 September 2020, or when funding is fully committed, whichever occurs first.*

7.3 Penalties apply for providing false and or misleading information.

8. How loans are assessed

8.1 Upon receiving your application, QRIDA will acknowledge receipt by email and let you know if any further information is required to commence your assessment.

8.2 When assessing applications QRIDA may contact you to discuss your circumstances in more detail. QRIDA will also liaise with your lenders and business advisers as necessary.

8.3 Applications are assessed in date received order and assessing will not commence until all required information is received.

8.4 If your application is approved, QRIDA will remit loan funding to your nominated bank account upon completion of necessary loan documentation.

9. Other requirements

9.1 An annual review of your loan may be required and you will need to provide the necessary financial information when requested by QRIDA.

9.2 Successful applicants will be required to consent to subsequent audits under the scheme to confirm that loan funds provided have been expended on approved purposes.

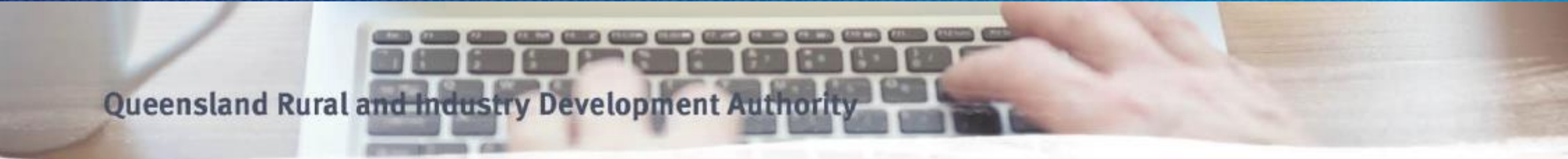
Covid-19 Jobs Support Loans

To complete this application, you will require the following information ready for upload:

1. Business Financial Statements for the 2017-18 and 2018-19 financial years
2. Personal Taxation Returns for the 2017-18 and 2018-19 financial years
 - Returns for all associated individuals as prepared by your accountant
3. Bank Account Information
 - Please provide account balances for all business loan and credit accounts. This may be copies of your most recent bank statements or information obtained from your internet banking platform.
4. Australian Tax Office (ATO) Integrated Client Account Statement
 - (previous 12 months up to the date of application) for the applicant / each member and all associated entities.
5. Aged list of debtors and creditors at time of application
6. Applicant Identification
 - Australian driver's licence
 - Medicare card
7. Organisation Constitution or Rules of Association and Certificate of Incorporation
8. Trust Deed
 - If applying as a trust, a copy of your Trust Deed will be required.
9. Please provide any additional information or documentation that you feel may support your application.

APPLY HERE <http://www.qrida.qld.gov.au/current-programs/covid-19-business-support>





Queensland Rural and Industry Development Authority

+ COVID-19 Jobs Support Loans Guidelines



This document in full is available on our website

www.trinityaccountants.com.au > blog

Steps to take – right now

Immediate steps to protect cash. Your business needs to survive to participate in the recovery. Get proactive, get on the phone ASAP.

1. **Talking to lenders first priority** (see slide at end for lender contact details)
2. **The ATO is incredibly helpful now.** For Cairns clients this region is considered a severely affected area. Discuss payment arrangements. Keep your cash
3. **Look after other small business owners.** We are in this together, we will need each other. The banks and ATO are funding this
4. **Staff. Talk. Negotiate. Get professional advice.** Govt support after 27th April under stand down is a consideration
5. **Prepare shut down procedures now, working from home or stand downs.** Some of you will have no customers in this phase, others will. Be prepared to service these needs
6. **Government backed loans.** The banks are starting to do the fed govt backed loans (up to 250k) call your banker
7. **PAYGW. Understand the rules.** See Case study and slides. *Pay director wages before 30 June.* Review and call us
8. **Rent. Empathy, fairness, human.** Talk and discuss, and all the above goes both ways



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Cash flow
assistance for
businesses

PAYG Withholding Monthly

Employers that withhold tax to the ATO on their employees' salary and wages will receive a payment equal to 100 per cent of the amount withheld, up to a maximum payment of \$50,000.

Monthly lodgers will be eligible to receive the payment for:

- March 2020 (300% PAYG Withheld)
- April 2020
- May 2020
- June 2020

To provide a similar treatment to quarterly lodgers, the payment for monthly lodgers will be calculated at three times the rate (300 per cent) in the March 2020 activity statement.

Additional Payment

For monthly activity statement lodgers, the additional payments will be delivered as an **automatic credit** in the activity statement system. This will be **equal** to a quarter (25%) of their total initial Boosting Cash Flow for Employers.

The ATO will deliver the payment as a credit to the entity upon lodgment of their activity statements. Where this places the entity in a refund position, the ATO will deliver the refund within 14 days.



SUN	MON	TUE	WED
		1	2
	7	8	9
	14	15	16

PAYG Withholding Quarterly

Employers that withhold tax to the ATO on their employees' salary and wages will receive a payment equal to 100 per cent of the amount withheld, up to a maximum payment of \$50,000.

Quarterly lodgers will be eligible to receive the payment for:

- March 2020
- June 2020

Additional Payment

For quarterly activity statement lodgers the additional payments will be delivered as an **automatic credit** in the activity statement system. This will be equal to half (50%) of their total initial Boosting Cash Flow for Employers.

The ATO will deliver the payment as a credit to the entity upon lodgment of their activity statements. Where this places the entity in a refund position, the ATO will deliver the refund within 14 days.



Know the PAYG Rules

Furthermore, eligibility for the above payments is subject to a specific integrity rule that is designed to stamp out artificial or contrived arrangements that are implemented to obtain access to this measure. In particular, if an employer or an associate enters into a scheme with the sole or dominant purpose of obtaining or increasing any of the above payments for a particular employer, for a period, the employer will not be eligible for any such payments for the relevant period.

Payments will only be available to active eligible employers established prior to 12 March 2020.

Please note for smaller business's where directors fees are being paid every year and registered for GST we are able to lodge a June BAS with the expected directors fee and PAYG Withholding payment.

You will need to see your accountant to get interim figures done for the most accurate and tax effective figure.

Sarah's Construction Business

(Monthly PAYG)

Sarah owns and runs a building business in South Australia and employs 8 construction workers on average full-time weekly earnings, who each earn \$89,730 per year. Sarah reports withholding of \$10,000 for her employees on each of her monthly Business Activity Statements (BAS).

Under the Government's changes, Sarah will be eligible to receive the payment on lodgment of her BAS. Sarah's business receives:

- A credit of \$30,000 for the March period, equal to 300 per cent of her total withholding.
- A credit of \$10,000 for the April period.
- A credit \$10,000 for the May period, as she has now reached the \$50,000 cap no credit is available for June.
- An additional payment of \$12,500 for the June period, equal to 25 per cent of her total Boosting Cash Flow for Employers payments.
- An additional payment of \$12,500 for the July period, equal to 25 per cent of her total Boosting Cash Flow for Employers payments.
- An additional payment of \$12,500 for the August period, equal to 25 per cent of her total Boosting Cash Flow for Employers payments.
- An additional payment of \$12,500 for the September period, equal to 25 per cent of her total Boosting Cash Flow for Employers payments.

Boosting Cash Flow for Employers measure - \$50,000 (March, April, May)

Additional Payments - \$50,000 (June, July, August, September)

Total Payments - \$100,000



Sean's Hairdresser Salon

(Monthly PAYG)

Sean owns a hairdresser's salon on the Gold Coast. He employs 12 hairdressers, with average salary of \$50,000 per year. Sean reports withholding of \$6,500 for his employees in each of his monthly BAS.

Under the Government's changes, Sean will be eligible to receive the payments on lodgment of his relevant BAS.

Sean's business will receive:

- A credit of \$19,500 for the March period, equal to 300 per cent of total withholding.
- A credit of \$6,500 for the April period.
- A credit of \$6,500 for the May period.
- A credit of \$6,500 for the June period, (PAYG Withheld claimed \$39,000). Sean will also receive an additional payment of \$9,750 for the June period, equal to 25 per cent of his total Boosting Cash Flow for Employers payments.
- An additional payment of \$9,750 for the July period, equal to 25 per cent of his total Boosting Cash Flow for Employers payments.
- An additional payment of \$9,750 for the August period, equal to 25 per cent of his total Boosting Cash Flow for Employers payments.
- An additional payment of \$9,750 for the September period, equal to 25 per cent of his total Boosting Cash Flow for Employers payments.

Boosting Cash Flow for Employers measure - \$39,000 (March, April, May)

Additional Payments - \$39,000 (June, July, August, September)

Total Payments - \$78,000



Greg's Bus Run

(Quarterly PAYG)

Greg runs a small bus run business in Sydney, and employs two casual employees who each earn \$45,000 per year. In his quarterly BAS, Tim reports withholding of \$7,000 for his employees.

Under the Government's changes, Tim will be eligible to receive the payment on lodgment of his BAS.

Tim's business will receive:

- A credit of \$10,000 for the March quarter. (\$10,000 Minimum received)
- A credit of \$4,000 for the June quarter. An additional payment of \$7,000 for the June quarter, equal to 50 per cent of his total Boosting Cash Flow (\$14,000) for Employers payments.
- An additional payment of \$7,000 for the September quarter, equal to 50 per cent of his total Boosting Cash Flow (\$14,000) for Employers payments.

Boosting Cash Flow for Employers measure - \$14,000 (March, June)

Additional Payments - \$14,000 (June, September)

Total Payments - \$28,000



Tim's Courier Run

(Quarterly PAYG)

Tim owns and runs a small paper delivery business in Melbourne, and employs two casual employees who each earn \$10,000 per year. In his quarterly BAS, Tim reports withholding of \$0 for his employees as they are under the tax-free threshold.

Under the Government's changes, Tim will be eligible to receive the payment on lodgment of his BAS.

Tim's business will receive:

- A credit of \$10,000 for the March quarter, as he pays salary and wages but is not required to withhold tax.
- An additional payment of \$5,000 for the June quarter, equal to 50 per cent of his total Boosting Cash Flow for Employers payments (\$10,000).
- An additional payment of \$5,000 for the September quarter, equal to 50 per cent of his total Boosting Cash Flow for Employers payments. (\$10,000)

If Tim begins with holding tax for the June quarter, he would need to withhold more than \$10,000 before he receives any additional payment.

Boosting Cash Flow for Employers measure - \$10,000 (March)

Additional Payments - \$10,000 (June, September)

Total Payments - \$20,000



Loans



Interest Rates - Unsecured Loans

- CBA - 4.5%
- Westpac - 8% +

Please note the banks are receiving lending from the government at 0.25%

Coronavirus SME Guarantee Scheme

The Government will provide eligible lenders with a guarantee for loans with the following terms:

- Maximum total size of loans of \$250,000 per borrower.
- The loans will be up to three years, with an initial six month repayment holiday.
- The loans will be in the form of unsecured finance, meaning that borrowers will not have to provide an asset as security for the loan.

Queensland COVID-19 Jobs Support Loans

- It will provide concessional loans up to \$250,000 to assist with carry-on expenses such as employee wages, rent and rates and other related expenditure.
- The first 12 months will be interest free with the repayment period over 10 years.

Where to next?

ANZ: Apply online for a call back from ANZ

<https://www.anz.com/about-us/corporate-sustainability/forms/hardship-application>

Commonwealth Bank: Apply online

<https://www.commbank.com.au/latest/support-for-home-loan-customers.html>

NAB: Apply online

<https://www.nab.com.au/common/forms/coronavirus-contact-form>

Suncorp: Contact Suncorp on 13 11 55

Westpac: Apply online

<https://www.westpac.com.au/about-westpac/sustainability/initiatives-for-you/customers-financial-hardship/apply-for-assistance/>

Bank of QLD: Call BOQ on 1800 079 866

ING: Call ING on 133 464

St George: Apply online

<https://www.stgeorge.com.au/contact-us/financial-hardship/apply-for-assistance>



What can we do as a small business community?

GET PROACTIVE

The PAYGW system refunds won't start until late April, that's too late for most small business owners.

Lobby. Email your state and federal member. We need intervention to keep staff and owners off social welfare. Pay employers direct like the UK. Keep business open not social security.

We need a voice of small business owners. Non political but loud.

State govt package is for big business (payroll tax). Not many small businesses pay payroll tax (\$1.3 million wage threshold).

www.trinityaccountants.com.au



Questions?



Thank You!

Webinars Monday, Wednesday, Friday at midday

