

Business Advisory Update

HELPING BUSINESSES
SURVIVE COVID-19

25 March 2020



Xero Accounting
Partner of the Year - QLD 2019 Winner



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. **PAYG strategy. 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



The background features a blue gradient with several 3D-rendered virus particles, each with a greyish core and numerous red, spike-like protrusions. A large white diamond shape is centered on the page, outlined in a light blue color. The top half of the background is a smooth blue gradient, while the bottom half has a repeating geometric pattern of small blue squares.

Case Studies

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
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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 2.5%

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.

Update for Employers

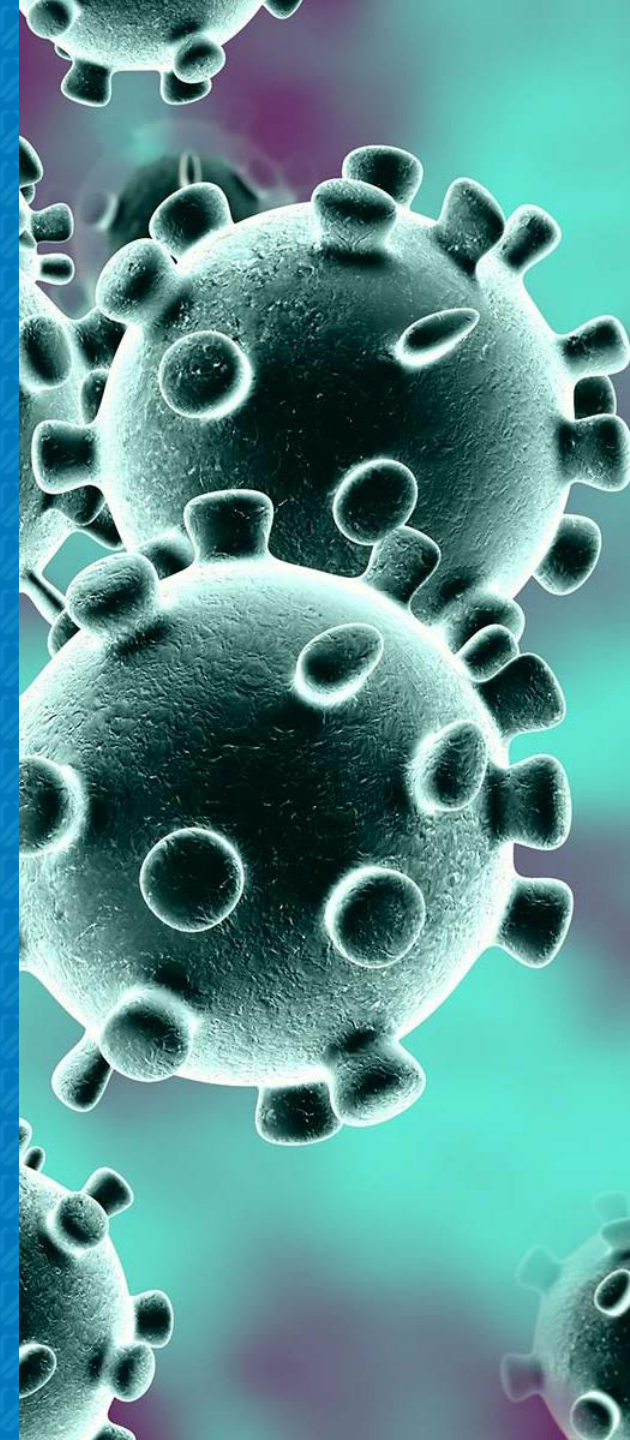
If you decide to close the business and have staff work from home then you pay normal wages.

If you decide to close the business (without a Government Directive) but you do not have enough work for them to do from home, then you need to pay their wages as normal.

If you are forced to close the business, i.e. the Government declares that businesses must close, so it is due to circumstances out of your control it becomes a Stand Down, similar to if there is a Cyclone coming requiring businesses to shut and you do not need to pay staff however you may allow them to access their annual leave.

If there is a mutual agreement with your employees to vary these terms it is recommended that you seek advice before commencing conversations.

FIND OUT MORE INFORMATION: [HR Dynamics](#)



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.

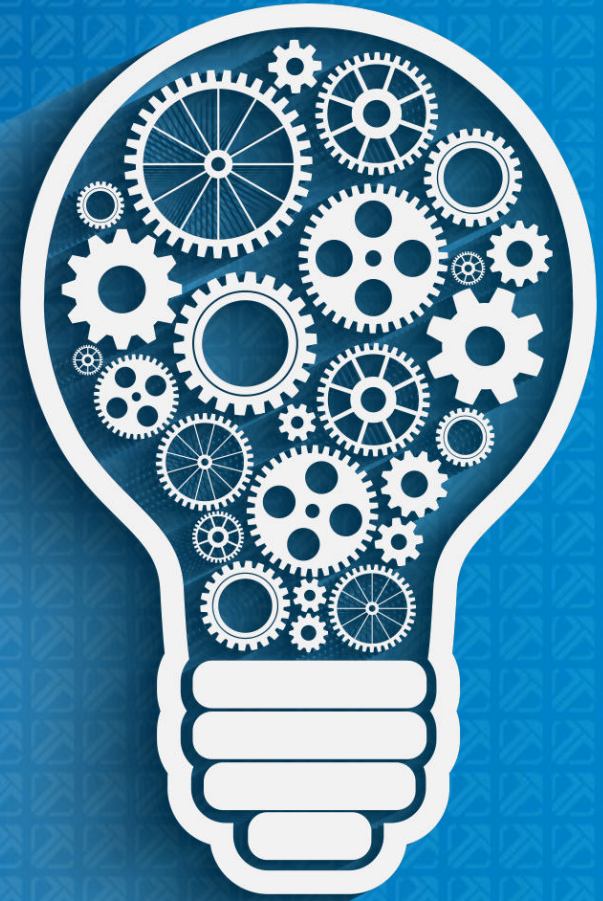
State govt package is for big business (payroll tax). Not many small businesses pay payroll tax (\$1.3 million wage threshold).

Go to our website & click on Blogs for today's presentation and handouts

www.trinityaccountants.com.au



Questions?



Thank You!

Webinars Monday, Wednesday, Friday at midday

