

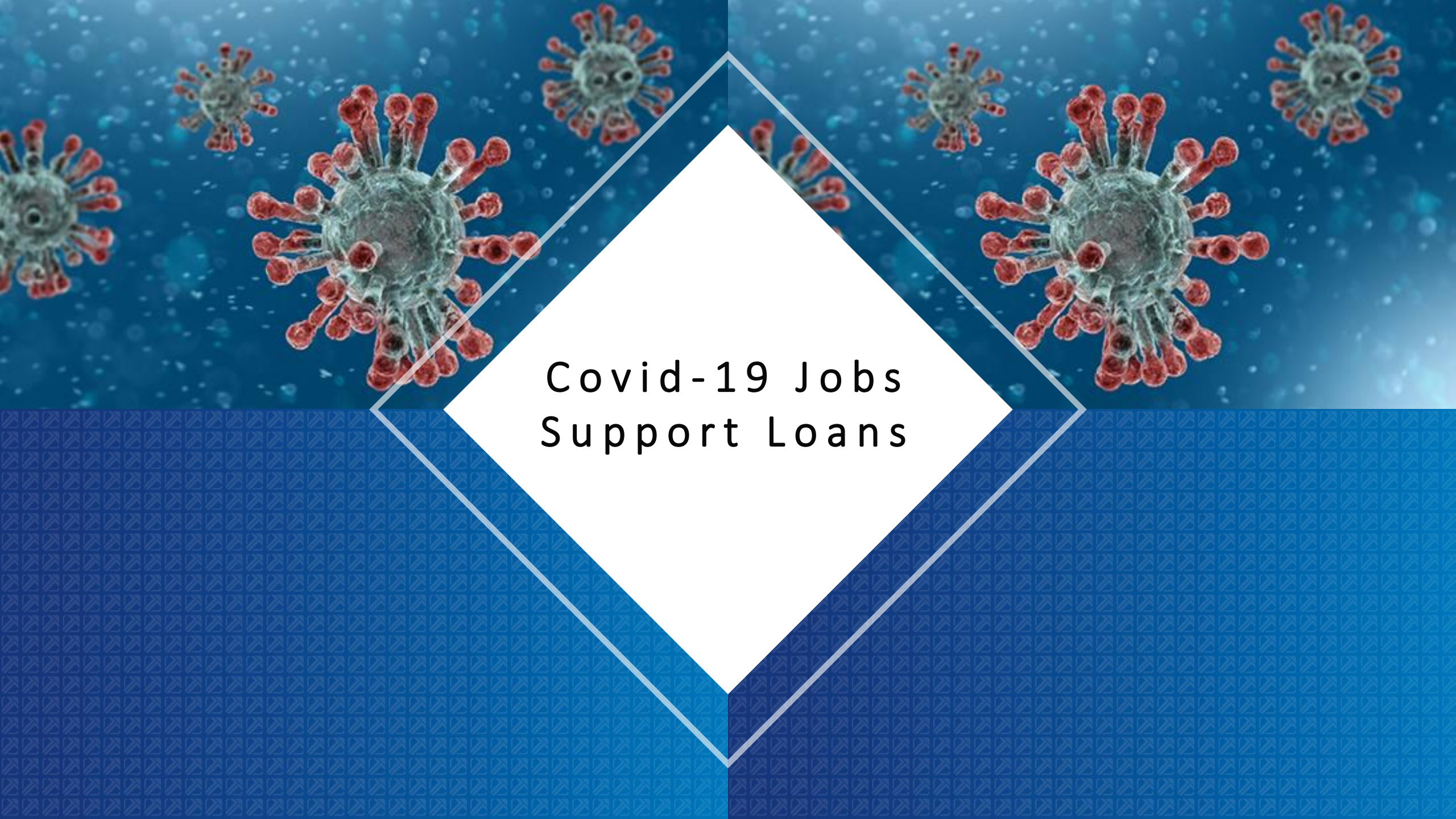
Business Advisory Update

27 March 2020



Xero Accounting
Partner of the Year - QLD 2019 Winner



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.

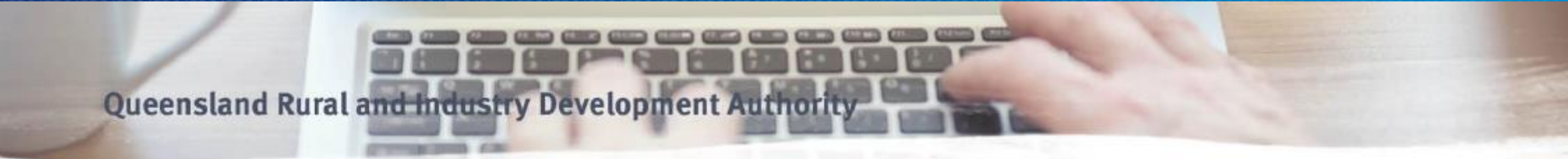
Covid-19 Jobs Support Loans

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





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
		22	

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.

Update for Employers (HR Dynamics)

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.

SHUT DOWNS/ STAND DOWNS. 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.

Centrelink benefits: if you stand down your staff, your staff will require a signed letter from the employer or a separation certificate depending on the situation.

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

TALK TO YOUR STAFF - be open and honest. You may be surprised at how much they want to support you.

BEFORE you make any changes to staff working conditions, think through your strategy. Get advice if you need it, Don't let yourself get into hot water down the track with Fair Work.

FIND OUT MORE INFORMATION: HR Dynamics

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

