



FACT SHEET: BUSINESS - GENERAL

While the various State and Federal Government incentives have been focussed on employment, there are other measures to support (mainly) SME's remain viable and be ready to grow after the COVID19 crisis is mitigated. A lot of the programs announced to date are covered in more detail in other fact sheets (links provided), with the following being an overview for small / medium businesses.

Employment (see detailed Employment fact sheet [here](#))

PAYGW Cash Boost

Businesses with turnover of less than \$50 million will be eligible for a rebate (or credit) on their PAYGW for the period March 2020 through to September 2020. The amount of the credit will be 100% of the PAYG withheld from employee wages and reported on the March through June 2020 activity statements, capped at \$50,000. A second series of credits will be applied from on the June – September activity statements, equal to ¼ of the credits applied on activity statements for March – June, so up to \$12,500 per month. The maximum cash flow boost under this program is \$100,000.

Trainees and Apprentices

Small businesses (in this context, those with less than 20 employees) can access a 50% wage subsidy for trainees and apprentices that they retain, for the period 1 January 2020 to 30 September 2020, on wages up to \$42,000.

JobKeeper

By far the biggest program announced by the Federal Government, JobKeeper seeks to maintain links between employers and employees. The program provides that where a business has had a decrease in their turnover (30% for SME's and 50% for businesses with more than \$1 billion in turnover) they may be eligible for a payment of \$1,500 per employee where they have retained a connection with that employee. The full payment amount must be passed on to the employee – which may be in the form of salary paid in the normal course of business or where the salary paid was less than \$1,500 per fortnight, the employee payment must be 'topped up' to \$1,500.

Payroll Tax Concessions

All States have announced concessions concerning their payroll tax regimes. In Queensland, small employers will be eligible for refund of 2 months' payroll tax, a payroll tax 'holiday' for 3 months and a deferral of payroll tax payments for the rest of the 2020 calendar year.

Property (see detailed Property fact sheet [here](#))

National Code of Conduct

Many tenants will need to approach their landlords concerning rental relief and in a move to make sure the parties negotiate openly and in good faith, the National Cabinet release a Code of Conduct that provides the basis for dealings between small business tenants and their landlords. Broadly, the code provides that landlords provide eligible tenants (small businesses that qualify for JobKeeper payments) rental relief that is proportionate to their reduction in turnover. At least half of that relief should be in the form of a rental waiver.

Land Tax Waivers / Deferrals for Landlords





Several State Governments have recently released details concerning land tax relief. This relief is being provided with the main requirement being that the landlord pass on any benefit to their tenants, whether that's in the form of a waiver or a deferral. These concessions for the landlord ought to be considered in any negotiations for rental relief, even under the National Code of Conduct.

Asset Purchases

The instant asset write off concession has been extended another six months until 31 December 2020 to apply to assets costing up to \$150,000 (up from \$30,000) acquired after 12 March 2020 for businesses with turnover up to \$500 million (up from \$50 million). The threshold applies on a per asset basis, allowing small businesses the ability to write off multiple assets each costing less than \$150,000, providing they are installed and ready for use before 31 December 2020.

The associated cost is expected to reach \$300 million as a result of small businesses paying less tax on their profits. The aim is to free up cash now, rather than over several years into the future which is when the deductions would have ordinarily been claimed.

Accelerated depreciation applies for new asset purchased after 12 March 2020 and before 30 June 2021. The acceleration refers to the ability to claim 50% of the asset value (57.5% for small businesses) in the year it was acquired, in addition to the standard depreciation rate for that item (as long as the total claim does not exceed 100% of the cost of the asset).

Relaxation of Some Laws Concerning Insolvent Trading

In March the Federal Government announced that there would be a relaxation of rules concerning director personal liability that may arise in a situation of insolvent trading. Ordinarily, directors are obliged to prevent companies from continuing to trade while insolvent, however some of the laws in this area will be relaxed for six months, so that director personal assets are not at risk. Even so, directors of companies that are concerned about the viability of the business should urgently seek expert advice concerning their alternatives.

Other initiatives include:

- Increasing the threshold in which creditors can issue statutory demands from \$2,000 to \$20,000; and
- Increasing the threshold for a creditor to initiate bankruptcy proceedings from \$5,000 to \$20,000 and increasing the response time for notices from 21 days to six months;

Compliance

While there are several initiatives to support businesses, a lot of usual compliance obligations remain and may be a requirement to access some schemes. These include:

- Employee superannuation contributions must be made by usual deadlines (28 April 2020 for the March 2020 quarter) or superannuation guarantee forms submitted by the due date;
- Activity statements (monthly or quarterly) remain due on the standard dates and are expected to be paid. If payment is not possible, the ATO should be contacted to put a payment arrangement in place;
- PAYG instalments may be varied where the taxpayer is impacted by COVID19 and refunds for the payment of previous instalments may be considered. In any case, the instalment statement ought to be lodged by the due date;





Queensland Jobs Support Loans

Queensland announced a \$500 million loan scheme, where applicants may borrow up to \$250,000 which would be interest free for one year, the following 2 years interest only (at 2.5%) and the balance repaid over the next 7 years (so a 10 year loan term). This program has now closed as the scheme has been fully committed

Small Business COVID-19 Adaption Grant Program (see detailed grant fact sheet [here](#))

The Queensland government announced the launch of the Small Business COVID-19 Adaption Grant Program on 19 May 2020, aiming to help eligible small or micro business. The focus of this program is to support those businesses subject to closure or highly impacted by the COVID -19 shutdown restrictions announced by the government. Successful applicants can receive up to \$10,000 under the scheme. Further details can be found [here](#).

Updates as of July 23rd

Trainees and Apprentices Update

The Australian Government announced the extension on the current trainees and apprentices wages subsidy. This update includes medium-sized businesses with less than 200 employees for apprentices employed as at 1 July 2020.

The wages subsidy will be extended to 31 March 2021.

JobKeeper 2.0

Current JobKeeper participants will remain as they are till 28 September without meeting the additional turnover test. New application remains open provided meeting the existing eligibilities.

The program will be extended till 28 March 2021 with tiered payments to employees and more frequent testing for business turnover.

From 28 September 2020 to 3 January 2021, the payment rate will be \$1,200 per fortnight for those who were employed full time in the four weeks before 1 March 2020. Employees working less than 20 hours a week on average will receive \$750 per fortnight instead of the current fortnight rate \$1,500.

From 4 January 2021 to 28 March 2021, the payment rate will be reduced to \$1,000 per fortnight for full time employees and \$650 for those working 20 hours and less.

Business wishing to remain in the program needs to reapply the tests for the June & September quarters to demonstrate the minimum reduction in turnover of 30%.

To be eligible for JobKeeper payment in the December quarter, business need to meet the reduction test in both the June and September Quarters.

To be eligible for JobKeeper payment in the March 2021 Quarter, business needs to meet the reduction test in each of the previous three quarters ending on 31 December 2020.





Coronavirus SME Guarantee Scheme

The Treasurer has announced the extension and expansion of the Coronavirus SME Guarantee Scheme. Under the scheme, the Government will guarantee 50% of the new loans issued by eligible lenders to the SME's.

Originally the scheme was made available until September 2020, with the extension until June 2021 announced last week. The expanded scheme will shift from providing access to working capital to ensure business stay afloat during the crisis, to now enabling them to access more affordable and longer-term credit to invest into their future.

To attract more SME's to the scheme, from October 2020, business's will be eligible to borrow up to \$1 million dollars which has increased from \$250,000 limit imposed initially. Other changes will see the increase of the maximum loan terms to 5 years from the original period of 3 years and the introduction of lender discretion to offer repayment holiday periods.

Link for participating lenders - <https://treasury.gov.au/coronavirus/sme-guarantee-scheme/lenders>

Next steps

Contact us on 5504 5700 or email info@cordner.com.au to discuss your circumstances and how we can assist you.

