



2020 AUTUMN NEWSLETTER—COVID-19



WELCOME

Welcome to the 2020 Autumn Newsletter which for this edition is going to be dedicated solely to discussing the COVID-19 Coronavirus. It's an incredibly scary time, not just for individuals but also for businesses. Businesses and employees alike must assume that health authorities will at some stage ask people to stay home to contain the spread of COVID-19. Any moves by government to contain the public health risk may result in a sudden and potentially extreme fall in the demand for products or services, labour shortages and supply disruptions. Employees may be asked to stay home and for those without leave or on a casual contract this may lead to an inability to earn income. We've had many businesses contact us this week wondering how they are going to survive and how their employees are going to survive. At this exact moment there are no real solutions but we are going to discuss some important information which may be able to help you. Let's stick together and get through this.

COMPLETE COMMERCE — OPEN FOR BUSINESS

Over the last 9 months we have been successfully transitioning to the HandiSoft portal as part of a plan to reduce paper, reduce mail delays and increase security. On top of this we have worked extremely hard over the last four weeks investing in more technology to allow all our staff to work from home in the case of a lockdown or quarantine. We are happy to say that we are open for business and will be working hard to assist all our clients in any way possible over this tough time. If you have not been moved to the portal as yet you will be asked to do so in the next few weeks.

CHANGES FOR THE FORESEEABLE FUTURE

1. In order to keep us all in good health we are not making any more face to face appointments for the foreseeable future. However we are available via email, via phone call or even Skype, Zoom or Facetime.
2. Where possible we would appreciate that any new information you need to send to us is sent via email, Dropbox, One-drive or if possible through the HandiSoft Portal which gives you the ability to upload documents.
3. Similarly, where possible we will be attempting to limit all mail correspondence which will now also include super funds (which were the only items that we weren't getting signed on the portal). Going forward super fund information will also be sent via the HandiSoft Portal and we will discuss signing options with you at that time.
4. Although in the normal course of business we invoice most clients once a year, for any out of the ordinary work that we do for you over the next few months (applying for concessions, exemptions, dealings with the ATO) we will be invoicing separately. However, for any clients facing hardship we will endeavour to keep these costs to a minimum, just enough to cover our costs. As we said earlier, let's all stick together.

WHAT ARE THE OPTIONS?

Income Replacement or Business Interruption Insurance

There is significant talk in the market that insurance won't be able to be accessed in light of the World Health Organisation declaring a pandemic (or the potential quarantine under The Quarantine Act). However, as each policy is different we would strongly suggest that you review your policies (or get your broker to review your policies) to see if there is any relief available to you here.

Business Loans or Finance

We have a few clients who have had great dealings with the loan business PROSPA. We do not recommend or have any connection to PROSPA but at this hard time it is worth considering all options. PROSPA offer short-term loans (normally up to a year with medium to high interest rates) but they are much quicker at placing finance than the traditional banks so in such a time of emergency, a chat to them about what they can offer you might be a good starting point. Explore all possible alternatives available to you.

Repayment Holidays

Just like in times of war, where the government called on the banks to allow people not to pay their mortgage, it is still possible that the government will do the same now. However, in the mean time give your bank(s) a call and ask them if there are any repayment holidays available to you due to financial hardship. Or see if there is availability to turn principal and interest loans to interest only loans as every dollar saved will be to your advantage.

Spending, Debtors and Creditors

1. Ask your creditors for deferred repayment terms. It might not work, but it can't hurt to ask.
2. Ask your debtors to pay sooner rather than later. It might not work, but it can't hurt to ask.
3. Reduce all unnecessary spending. If required, it's time to tighten the belt.

Review your Business

There are likely many aspects to your business. It may be time to do one of the following:

1. Reduce unnecessary current spending including certain aspects of research and development.
2. Make the call on lines or items that haven't been profitable to date. There may no longer be benefit in persisting.
3. Pause to consider how the future looks financially and prepare a 6 month budget based on the likely circumstances that are coming up.
4. If worst comes to worst, consider closing or temporarily closing. The costs of running with no income might not be sustainable.

Whatever you decide to do – act now before it is too late!

GOVERNMENT ASSISTANCE

The government have offered a number of avenues of assistance but not a lot of them are going to help in the short term. A summary of their assistance is as follows:

CASH FLOW ASSISTANCE

1. Employers with an aggregated annual turnover of under \$50 million (based on prior year turnover) will receive a credit of between \$2,000 and \$25,000 from the government to help with cash flow. Eligible businesses will receive a credit equal to 50 percent of tax withheld from employees' salary and wages. Any business that pays a salary will receive a minimum credit of \$2,000 even if they are not required to withhold tax. This credit will be delivered on the corresponding activity statement lodged with the ATO. This may well result in just less being owed to the ATO but if circumstances dictate that a refund results because of the \$2,000, then it will be refunded to the employer's bank account.
2. Eligible employers of trainees or apprentices can apply for a wage subsidy of 50 percent of the trainee or apprentice's wage for up to 9 months from 1 January 2020 to 30 September 2020.
3. The government will provide a one-off \$750 payment to social security, veteran and other income support recipients and eligible concession card holders.
4. The government is also offering support to certain regions and communities affected by Coronavirus including those heavily reliant on industries such as tourism, agriculture and education.

TAX BENEFITS

1. The instant asset write-off for small business is being increased from \$30,000 to \$150,000 and those who are eligible are businesses with a turnover up to \$500 million. However, please note that until further clarification is available, it is likely the Depreciation Cost Limit for cars will still apply. The write-off applies to assets that are purchased and installed from the date of the announcement (12 March 2020) through to 30 June 2020. There are also concessions available for those entities who purchase assets before 30 June 2020 but get them installed between 1 July 2020 and 30 June 2021.

ATO ASSISTANCE

On application, on a case by case basis, the ATO will consider allowing the following:

1. Deferring the payment date of BAS/IAS/FBT/Income Tax etc by up to four months.
2. Allowing those who get GST refunds to opt in to monthly BAS's as opposed to quarterly BAS's in order to get access to refunds quicker.
3. Allowing business to vary PAYG Instalments to \$0 for the March 2020 quarter and varying the September 2019 and December 2019 quarters back to \$0 to get refunds of previously paid PAYG Instalments. Please note this doesn't mean that the tax won't have to be paid at the end of the year it is just helping you to get through the next few months cash-flow wise.
4. Remitting any interest and fines that have been applied since 23 January 2020.
5. Allowing affected businesses to enter into low interest payment plans for current and ongoing debts.