



## COVID-19 Coronavirus: Summary of business/financial actions to consider - as at Friday 27<sup>th</sup> March 2020

Following our analysis of the finer details of federal legislation passed on Monday 23<sup>rd</sup> March 2020, we provide below our summary of information on financial and business considerations, that we trust you will find useful. **This email update addresses all assistance measures that have been released to date as at Friday 27<sup>th</sup> March 2020.**

We recognise there is a large amount of information and advice sources below and that some, or much, of this will not apply to you, your family and/or your business. Further to this overview, we have separated the information into sections on our COVID-19 UPDATES page so that you can quickly and easily find what applies to you.

<https://www.flowerseddycpa.com.au/covid19-updates.php>

As always, if you require guidance to sift through the information and make the best plan possible for your particular circumstances, we are here to help - please get in touch with us with any specific questions you require clarification on or assistance with. We are well briefed and placed to assist you and/or your business at this time.

In acknowledging the human element of the current situation we all find ourselves in we reiterate our previous advice to all our clients - *in the initial instance the best advice we can provide is to take a calm, rational and informed approach to planning and decision-making around how you are being affected – both now, and into the future.*

We at Flowers Eddy CPA continue to wish you, your friends, families and support networks the very best in health and safety in all aspects of your personal and business lives. We are here to provide the necessary support you require. Please don't hesitate to reach out for that support.

Dan, Marg, Gavin and the FECPA team

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**Please note - the information below is current as at Friday 27<sup>th</sup> March 2020**

**Federal Government's Economic Response to Coronavirus – announced 12 March and 22 March - LEGISLATION PASSED 23 MARCH.**

Applying to **Eligible businesses including those employing staff.**

The initial and second federal support packages include assistance to eligible businesses: - via tax-free payments of between \$20,000 and \$100,000 via the BAS lodgement system for those business that employ staff; by increasing the instant asset write-off threshold; and introducing a business investment incentive and supporting apprentices and trainees. We are well placed to guide you through how these measures apply to your specific circumstances.

**Details** can be found on the following links:

<https://www.ato.gov.au/General/New-legislation/The-Australian-Government-s-Economic-Response-to-Coronavirus/>

[https://treasury.gov.au/sites/default/files/2020-03/Fact\\_sheet-Cash\\_flow\\_assistance\\_for\\_businesses\\_0.pdf](https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Cash_flow_assistance_for_businesses_0.pdf)

Applying to **Individuals financially affected by the coronavirus.**

The government is allowing financially affected individuals early access of up to \$10,000 of their superannuation in the 19/20 and 20/21 financial years on a tax-free basis. Per the ATO *“From mid-April 2020, eligible individuals will be able to apply online through myGov to access up to \$10,000 of their superannuation before 1 July 2020. They will also be able to access up to a further \$10,000 from 1 July 2020 for approximately three months.”* To be eligible any one or more of the following conditions must be satisfied:

1. You are unemployed;
2. You are eligible to receive a job seeker payment, youth allowance for jobseekers, parenting payment (which includes the single and partnered payments), special benefit or farm household allowance; or
3. On or after 1 January 2020, either
  - you were made redundant
  - your working hours were reduced by 20% or more
  - if you are a sole trader, your business was suspended or there was a reduction in your turnover of 20% or more.

Should you be in such a position and potentially wish to avail yourself of this option we suggest a myGov account be setup prior to the anticipated mid-April 2020 availability.

**Details** can be found on the following links:

[https://treasury.gov.au/sites/default/files/2020-03/Fact\\_sheet-Early\\_Access\\_to\\_Super\\_1.pdf](https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Early_Access_to_Super_1.pdf)

<https://www.ato.gov.au/General/New-legislation/The-Australian-Government-s-Economic-Response-to-Coronavirus/#Temporaryearlyreleaseofsuperannuation>

<https://www.mygovid.gov.au/>

Applying to **Superannuation pension and age pension recipients.**

Per the ATO: *“The government is temporarily reducing superannuation minimum drawdown requirements for account-based pensions and similar products by 50% for 2019–20 and 2020–21. This measure will benefit retirees holding these products by reducing the need to sell investment assets to fund minimum drawdown requirements.*

*The government is also reducing both the upper and lower social security deeming rates by a further 0.25 percentage points in addition to the 0.5 percentage point reduction to both rates announced on 12 March 2020.”*

For SMSF pensioners we can advise your reduced 2019-20 pension minimum drawdowns and will be sending further detail on this measure as soon as possible.

**Details** can be found on the following links:

[https://treasury.gov.au/sites/default/files/2020-03/Fact\\_sheet-Providing\\_support\\_for\\_retirees\\_to\\_manage\\_market\\_volatility.pdf](https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Providing_support_for_retirees_to_manage_market_volatility.pdf)

<https://www.ato.gov.au/General/New-legislation/The-Australian-Government-s-Economic-Response-to-Coronavirus/#Temporarilyreducingsuperannuationminimum>

<https://nationalseniors.com.au/news/latest/second-stimulus-package-what-s-in-itquestion>

### **ATO Administrative Assistance via Tailored Support**

Applying to **Eligible businesses and individuals.**

Should you or your business experience difficulties with tax lodgements or payments, the ATO has put in place policies to assist on a case-by-case basis, such as – payment deferrals, PAYG instalment variations and low interest payment plans. We understand - and expect - the ATO to take a supportive approach in applying these assistance measures. We note the ATO directs those affected to call their Emergency Support line on 1800 806 218, however we would be happy to assist in assessing if, and if so - how, these measures may assist you and/or your business.

**Details** can be found on the following link:

[https://www.ato.gov.au/Individuals/Dealing-with-disasters/In-detail/Specific-disasters/COVID-19/?page=2#We\\_will\\_work\\_with\\_you](https://www.ato.gov.au/Individuals/Dealing-with-disasters/In-detail/Specific-disasters/COVID-19/?page=2#We_will_work_with_you)

### **WA Government stimulus – released 16 March 2020.**

Applying to **Eligible businesses and households.**

The Western Australian Government’s stimulus package includes payroll tax relief and a freeze on household fees and charges. We note most of these measures will require either no action at all or your personal attention to the relevant state government departments. However some, such as the payroll tax measures, we can directly assist you with.

**Details** can be found on the following links:

<https://www.wa.gov.au/organisation/department-of-the-premier-and-cabinet/coronavirus-covid-19-western-australian-government-response>

<https://www.wa.gov.au/government/announcements/covid-19-payroll-tax-relief>

### **Workplace Laws under federal and state jurisdictions.**

Depending on the structure of a business either state or federal workplace laws apply to that business and its employees.

For businesses operating as Pty Ltd trading companies or trusts with a Pty Ltd company as trustee the relevant authority is the Federal Government's Fair Work system.

**Details** can be found on the following link:

<https://www.fairwork.gov.au/about-us/news-and-media-releases/website-news/coronavirus-and-australian-workplace-laws>

For businesses operating as sole-traders, partnerships or trusts with individual trustees the relevant authority is the state government jurisdiction in which that business operates. For Western Australia the WA state industrial relations system applies.

**Details** can be found on the following link:

<https://www.commerce.wa.gov.au/labour-relations/employment-impacted-covid-19-coronavirus>

Whilst we are not employment lawyers, please contact us if you require assistance in applying the information contained in these workplace system links to your affairs. We also have contact details for specialist employment lawyers, should you wish to engage their expert advice.

### **Centrelink**

#### **Income support for individuals:**

Over the next six months, the Government is temporarily expanding eligibility to income support payments and establishing a new, time-limited Coronavirus supplement to be paid at a rate of \$550 per fortnight. This will be paid to both existing and new recipients of JobSeeker Payment, Youth Allowance Jobseeker, Parenting Payment, Farm Household Allowance and Special Benefit.

**Details** can be found on the following link:

[https://treasury.gov.au/sites/default/files/2020-03/Fact\\_sheet-Income\\_Support\\_for\\_Individuals.pdf](https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Income_Support_for_Individuals.pdf)

#### **Payments to support households:**

The Government is providing two separate \$750 payments to social security, veteran and other income support recipients and eligible concession card holders. The first payment will be made from 31 March 2020 and the second payment will be made from 13 July 2020. Around half of those that

benefit are pensioners. This payment will help to support confidence and domestic demand in the economy. The second payment will not be made to those eligible for the Coronavirus supplement.

**Details** can be found on the following link:

[https://treasury.gov.au/sites/default/files/2020-03/Fact\\_sheet-Payments\\_to\\_support\\_households.pdf](https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Payments_to_support_households.pdf)

## **Bank Assistance**

The Australian Banking Association advises “Australian banks have hardship teams ready to help. If you’re dealing with the impact of the COVID-19 pandemic, or drought, bushfire or flood, there are practical ways your bank can help. The type of assistance will depend on individual circumstances”. We encourage you to contact your bank to discuss your circumstances and options.

**Details** can be found on the following links where applicable to you. Other banks have similar information pages:

<https://www.ausbanking.org.au/campaigns/financial-hardship/>

<https://www.anz.com.au/promo/covid-19/?pid=brd-hb-t-hp-03-20-ser-covid19>

<https://www.commbank.com.au/latest/coronavirus.html?ei=hp-ban-cvp-default-coronavirus>

[https://www.nab.com.au/personal/customer-support/covid19-help?own\\_cid=MH20012](https://www.nab.com.au/personal/customer-support/covid19-help?own_cid=MH20012)

[https://www.westpac.com.au/help/disaster-relief/coronavirus/?pid=iwg:sc:COVID-&ttid=DCV\\_1947-TG-WBC-C-NA-CM-P:](https://www.westpac.com.au/help/disaster-relief/coronavirus/?pid=iwg:sc:COVID-&ttid=DCV_1947-TG-WBC-C-NA-CM-P:)

<https://www.bankwest.com.au/help/coronavirus-support>

## **Supporting the flow of credit**

The Government, Reserve Bank of Australia and the Australian Prudential Regulation Authority have taken coordinated action to support the flow of credit in the Australian economy, in particular for small and medium enterprises (SMEs). These actions include but are not limited to government guarantees for certain SME loans and quick and efficient access to credit.

**Details** can be found on the following link:

[https://treasury.gov.au/sites/default/files/2020-03/Fact\\_sheet-Supporting\\_the\\_flow\\_of\\_credit\\_1.pdf](https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Supporting_the_flow_of_credit_1.pdf)

## **Temporary relief for financially distressed businesses**

Temporary amendments seeking to provide a safety net for business facing financial distress have been made to provisions relating to liquidations, statutory demand response times, insolvencies and related matters.

**Details** can be found on the following link:

[https://treasury.gov.au/sites/default/files/2020-03/Fact\\_sheet-Providing\\_temporary\\_relief\\_for\\_financially\\_distressed\\_businesses.pdf](https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Providing_temporary_relief_for_financially_distressed_businesses.pdf)

## **Supporting documents**

In turning our minds to how we can help our business clients we have sourced the following documents (please see separate .pdfs on our COVID-19 UPDATES website page):

<https://www.flowerseddycpa.com.au/covid19-updates.php>

- The *Coronavirus Special Update* provides a more concise outline of some, but not all, of the matters below.
- The *COVID-19 Business Continuity Plan*, which we recommend you review and consider in relation to your own circumstances. There is a great level of detail in this plan - as such, we recommend business owners focus on areas most critical to their business and get in touch should they require our assistance in formulating plans and assessing their options.
- Whilst the attached *Practical Positivity* framework may not be to everyone's style or taste, we as a practice all gained at least something from the overall message (perhaps not least, Item 1). We hope, similarly, you find some benefit from this message.