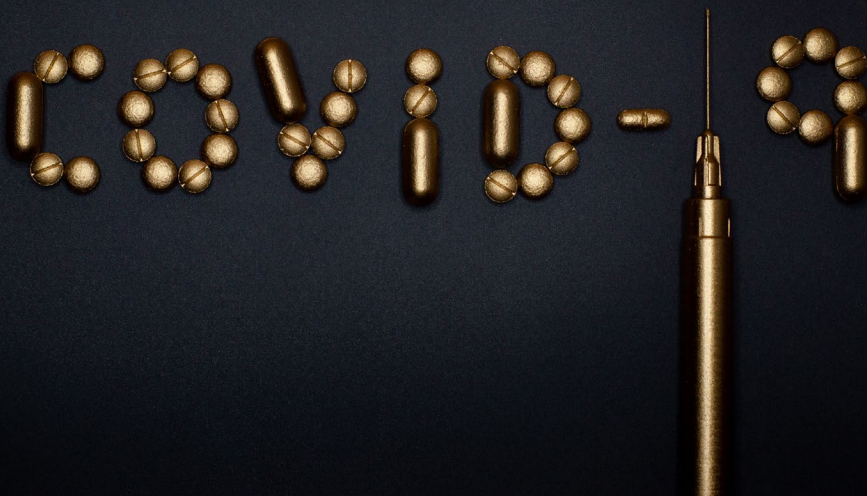




FINANCIAL UTILITIES

COVID-19

**BUSINESS
HEALTH CHECK**



Practical Employee Considerations	Notes
<p>1 Be clear on management roles and responsibilities</p> <ul style="list-style-type: none"> • Identify and agree which key staff will lead your response efforts, each supported by an alternative/back-up. • Create a team or manager responsible for coordinating prevention efforts and communicating updates. 	
<p>2 Agree your business priorities</p> <ul style="list-style-type: none"> • Determine whether your employee’s safety and well-being is more important than servicing your customers. • Consider whether operating without typical resources would jeopardise quality and safety or create unintended consequences which are worse in the long term. 	
<p>3 Provide clear communication to employees</p> <ul style="list-style-type: none"> • Agree and communicate the business position on: <ul style="list-style-type: none"> • how staff are to communicate regarding their situation • whether quarantine is recommended or imposed in certain circumstances • whether ‘working from home’ will be considered • how parents are to plan their work commitments around children that may not be going to school • It is important that your business messaging is clear, consistent and current 	

Practical Employee Considerations	Notes
<p>4 Respond to employee fears of infection appropriately</p> <ul style="list-style-type: none"> • Many employees may be scared to come to work or use public transportation during this time for fear of infection. • Its important to respond to your employee’s fears with empathy. • Employees are only entitled to refuse to come to work if they believe that they are in imminent danger 	
<p>5 Respond quickly if an employee appears sick or presents other identified risk factors</p> <ul style="list-style-type: none"> • Do your research and understand the symptoms and guidelines recommended by health organisations. • If an employee has tested positive for coronavirus, or is suspected to have coronavirus, employers should require that all employees who have been in contact with that employee self-quarantine for a 14-day period. • Employers should inform fellow employees of their possible exposure to the coronavirus in the workplace but maintain confidentiality. 	
<p>6 Perform routine environmental cleaning</p> <ul style="list-style-type: none"> • Routinely clean all frequently touched surfaces in the workplace such as workstations, countertops and doorknobs 	

Practical Employee Considerations	Notes
<p>7 Prepare to implement a ‘working from home’ policy</p> <ul style="list-style-type: none"> • According to health officials, one of the most effective ways to combat the spread of the coronavirus is to reduce the frequency, proximity and duration of contact between people. • Consider implementing a policy for employees to effectively “work from home” to minimise their risk of exposure from public transport, crowded situations and being exposed to people in offices. • This may involve providing employees with the technological resources to be able to perform their work from home including laptops, tablets, remote logins, cloud based software, secure logins etc. • If employees can or must use personal electronic devices, consider whether any additional measures should be taken to safeguard the business property and confidential information 	
<p>8 Consider virtual team meetings or conference calls</p> <ul style="list-style-type: none"> • Reduce face to face meetings where possible. • Utilise technology to keep your team connected and to enable your business to continue. • Technology resources such as Zoom, Skype, Google Hangouts, Office Teams, Asana, Slack etc. should be assessed and implemented as soon as possible. 	

Practical Employee Considerations	Notes
<p>9 Prepare for minimum staffing levels</p> <ul style="list-style-type: none"> • Staff shortages may be the primary challenge to maintaining business operations during this period. • You should assess the minimum staffing levels required for each department to sustain necessary business functions and operations. • Identify employees who have been cross-trained, or can most easily be trained now, to fill in for those functions. • You may consider splitting employees into groups and have the groups rotate between working remotely and working in the office to reduce the number of employees that will be impacted. 	
<p>10 Consider your business travel requirements</p> <ul style="list-style-type: none"> • Assess whether your business should place a temporary ban on planned travel and the business consequences this may have. • Consider your business’s position and policy regarding employees that have recently travelled inter-state and international. • Ensure appropriate health checks or quarantine processes are implemented. Or of 15 March 2020, the Australian government has imposed a 14 day self-quarantine for all travellers. 	

Practical Employee Considerations	Notes
<p>11 Consider requiring employees to inform you of any travel for personal reasons</p> <ul style="list-style-type: none"> Request your employees to communicate their travel requirements Employees that have recently returned or who are planning travel in the short-term should be consulted so you are aware of where they have been and where they plan to travel. 	
<p>12 Consider your employees that are on migrant visas</p> <ul style="list-style-type: none"> Review employee visa compliance and validity periods and speak to your employees that are required to leave the country in the short term. 	
<p>13 Develop a HR action plan</p> <ul style="list-style-type: none"> Develop a policy around how employees can utilise their personal and annual leave entitlements should they chose or be required to stay home. If employees can work from home, consider how to monitor their work hours and whether their work hours should be reduced. 	

Notes:

Financial Considerations	Notes
<p>1 Cash is king</p> <ul style="list-style-type: none"> • Cash will be the most valuable resource because a widespread economic downturn is imminent, access to debt will be limited and contingency plans will need to be implemented swiftly. • Consider your cash resources and how many weeks your business may survive on those cash resources. • Consider how much cash you need to reserve to pay out your employee termination payments and leave entitlements should you need to reduce your workforce. • If you have investments in term deposits, speak to your financial institution to see whether you can access the cash early with minimal penalties. • Update your cashflow forecast immediately and consider worse case scenarios. 	
<p>2 Understand your supply chain</p> <ul style="list-style-type: none"> • Consider your supply chain and procurement constraints and how they may have an impact on your ability to continue operating. • Look at alternative supply chain options. 	

Financial Considerations	Notes
<p>3 Update your business financial projections</p> <ul style="list-style-type: none"> • Consider your break-even point (the point at which you start to lose money by staying open). • Consider how quickly you may run out of cash and what resources you have available (i.e. assets to sell). • If you have investments in stocks, bonds or funds, consider how a drop in values, dividends and other returns will have on your business projections. 	
<p>4 Have timely financial reporting</p> <ul style="list-style-type: none"> • Ensure you know how your business is performing in real time so you can make timely decisions. • Understand your margins and if you are trading at a loss, know when to halt or stop operating. 	
<p>5 Review your accounts receivable</p> <ul style="list-style-type: none"> • Assess which customers are at risk of failing to pay. • Reach out to your customers and offer discounts for early payment or payment plans. 	
<p>6 Review your accounts payable</p> <ul style="list-style-type: none"> • Review your accounts payable and assess which payments you can defer. • Prioritise your accounts payable immediately. • Engage in discussion with your suppliers to push out payments or renegotiate payment terms. 	

Financial Considerations	Notes
<p>7 Determine your employee termination and leave entitlements</p> <ul style="list-style-type: none"> • Tabulate all employee entitlements and the monetary values so you know how much cash you will need to reduce your workforce. • Termination entitlements will depend on your State or Federal employment regulations, how long the employee has been employed and their age. • Review your HR system to determine exactly how many hours of sick leave and annual leave each employee has available. • Annual leave entitlements are payable upon an employee’s termination so ensure you know how much will be payable. • Long service leave entitlements may also be owing to employees especially if they have been working for more than 7 continuous years. 	
<p>8 Review your fixed costs and slash overheads</p> <ul style="list-style-type: none"> • Your business will have regular fixed costs that you will need to pay regardless of whether your business is trading. • For example: rent, utilities, insurance, software subscriptions, interest etc. • Make a list of all your fixed costs and make a plan to try and reduce them as soon as possible. This may involve engaging in negotiations with your landlord, bank, financier, insurer etc. • Remove all discretionary spend and communicate this to your employees. 	

Financial Considerations	Notes
<p>9 Review your contracts</p> <ul style="list-style-type: none"> • If you have long term contracts in place, review them for termination and break clauses. • If you believe you will struggle to meet your contractual obligations, engage in discussions immediately to mitigate the consequences. 	
<p>10 Sell dormant and economically unviable assets</p> <ul style="list-style-type: none"> • Don't hold onto assets that are not generating income or do not add any value to your business. • Sell assets as soon as possible to recover cash that can be used to sustain your business in such times of need. 	
<p>11 Review your insurance coverage</p> <ul style="list-style-type: none"> • Does your business insurance cover you for loss of profits. Refer to your insurance policies so you are clear on what you can and can't claim. • Reduce your coverage is possible to reduce your premiums. 	
<p>12 Communicate with all key stakeholders</p> <ul style="list-style-type: none"> • If coronavirus is affecting or threatens to affect the goods or services you deliver to customers, it is important to let them know as soon as possible about potential delays and manage their expectations. • Renegotiate payment terms or enter into payment plans. 	

Financial Considerations	Notes
<p>13 Be aware of fraud</p> <ul style="list-style-type: none"> • When your attention is elsewhere, it is easy to become susceptible to fraudulent activity. Remind and educate your staff about fraudulent activity and scams. 	
<p>14 Prepare a strategic impact assessment plan</p> <ul style="list-style-type: none"> • Consider the following broad areas of concern, the impact, stakeholders, action plan and accountability: • People and community: staff, customers, suppliers • Reputational damage: internal, product, staff • Financial loss: customers, insurance, finance • Legal and compliance: compliance, litigation, mandatory reporting • Operations and strategy: operations, customers, supply chain, viability 	

Notes:

Economic Stimulus Packages	Notes
<p>1 Instant asset write-off increased</p> <p>For new or second-hand assets first used or installed ready for use from 12 March until 30 June 2020, the instant asset write-off threshold will be increased from \$30,000 to \$150,000 for businesses with aggregated annual turnover of less than \$500 million (up from the current \$50 million threshold).</p> <p>The threshold applies on a per asset basis, so eligible businesses can immediately write-off multiple assets. The threshold will revert to \$1,000 for small businesses (turnover less than \$10 million) from 1 July 2020, however businesses not entitled to the instant asset write off from 1 July 2020 may be entitled to the 50% investment incentive as below.</p>	
<p>2 Backing business investment incentive</p> <p>The Government is introducing a time limited 15 month investment incentive (through to 30 June 2021) to support business investment and economic growth over the short term, by accelerating depreciation deductions.</p> <p>Businesses with aggregated annual turnover of less than \$500 million per annum will be able to deduct 50 per cent of the cost of an eligible asset upon installation, provided it was acquired after 12 March 2020 and first used or installed by 30 June 2021.</p> <p>There is no asset value threshold for this 50% investment incentive. The existing depreciation rules will continue to apply to the remaining balance of the asset's cost over its effective life.</p>	

Economic Stimulus Packages	Notes
<p>2 Backing business investment incentive ...continued</p> <p>Therefore, an eligible asset will generate the immediate deduction of 50%, plus in the same year will generate a Division 40 depreciation deduction calculated in accordance with the normal depreciation rules. The measure results in businesses bringing forward depreciation deductions from future years to the current period resulting in a reduced tax liability in the current period. A rise in tax liability due to reduced depreciation in subsequent years will offset this reduction.</p>	
<p>3 PAYG cashflow boost</p> <ul style="list-style-type: none"> • Business can claim a credit of 100% of the PAYG withheld from employee wages to be applied in the March 2020 BAS. The credit which is a minimum of \$10k and a maximum of \$50k, will be applied to the ATO account automatically after 28 April 2020 once the BAS is lodged. • Businesses can claim a further credit of 100% of the actual PAYG withheld from employee wages in the June 2020 monthly BAS until the total claim to date reaches \$50k (the maximum). The credit will be automatically applied to the ATO account after 28 July upon lodgement of the June 2020 quarter BAS. The credit will be a minimum of \$5k and a maximum of \$25k. 	

Economic Stimulus Packages	Notes
<p>3 PAYG cashflow boost ...continued</p> <ul style="list-style-type: none"> • A further credit equal to 50% of the credit received in the March and June 2020 quarters will be automatically applied to the ATO account after 28 July upon lodgement of the June 2020 quarter BAS. The credit will be a minimum of \$5k and a maximum of \$25k. • A further credit equal to 50% of the credit received in the March to June 2020 quarters will be automatically applied to the ATO account after 28 October upon lodgement of the September 2020 quarter BAS. The credit will be a minimum of \$5k and a maximum of \$25k. • In total, the minimum total credit is \$20k. • In total, the maximum total credit is \$100k. • Where the credit put the ATO account into an overral refund position, the ATO will pay the refund within 14 days after the BAS lodgement. 	
<p>4 Small business loans</p> <ul style="list-style-type: none"> • The banks have been given extra funding by the RBA to extend low interest loans to small businesses as well as offer a 6 month ‘freeze’ on repayments. • Contact your bank / finance company / broker to discuss your options. • The interest that continues to accrue on loans is likely to be capitalised on the balance of the loan during the ‘freeze’ period. • Loan repayments are likely to increase after the ‘freeze’ period or place a balloon payment on the end of the loan. 	

Economic Stimulus Packages	Notes
<p>5 Apprentices or trainees</p> <ul style="list-style-type: none"> • If you have apprentices or trainees, you can get a wage subsidy of 50% of wages paid between January and September 2020. • You can claim up to \$21k for each apprentice/trainee. • You can apply through your apprenticeship provider. • Payments will be made each quarter up to a maximum of \$7k for each apprentice/trainee. 	
<p>6 Payroll tax</p> <ul style="list-style-type: none"> • If your wages are over \$900k per year, you can defer the payment of the March 2020 quarter payroll tax until July. • WA employers can also claim up to \$17.5k as a credit in July 2020. • The payroll tax threshold increases to \$1m from 1 July 2020. 	
<p>7 ATO payment deferrals</p> <ul style="list-style-type: none"> • If you are having difficulty paying your ATO obligations, you can contact the ATO to discuss your situation and the possibility to defer payments up to 12 September 2020. • You can also request the ATO to stop interest accruing on your ATO debts. • Another option is to request a low interest payment arrangement for the period after 12 September 2020. 	

Economic Stimulus Packages

Notes

8 Changing your GST reporting cycle

- It is worth considering if you should temporarily change your reporting cycle from quarterly to monthly.
- If you are on a quarterly Activity Statement cycle and you are due for a GST refund, moving to monthly reporting means you can get quicker access to GST refunds you are entitled to.
- Before you make the change, you should be aware that:
 - you can only change from the start of a quarter (e.g. 1 April 2020)
 - changing your GST reporting cycle doesn't mean you have to change your PAYG withholding reporting cycle
 - once you change, you must keep reporting monthly for 12 months before you can elect to revert back to quarterly
 - if you claim fuel tax credits, you will also need to claim them monthly too

9 Remission of ATO interest and penalties

- If your business is affected by COVID-19 and you need help to pay your existing and ongoing tax liabilities, contact the ATO to discuss the remission of any interest and penalties incurred after 23 January 2020.

10 Low interest payment plans

- If your business is affected by COVID-19 and you need help to pay your existing and ongoing tax liabilities, contact the ATO to discuss entering into a low interest payment plan.

Economic Stimulus Packages	Notes
<p>11 Vary your pay as you go instalment (income tax)</p> <ul style="list-style-type: none"> • If you are a 'pay as you go instalment' (PAYGI) payer, you can vary your March 2020 and June 2020 Activity Statements to reduce the tax instalments. • You may also be able to vary your September and December 2019 instalment amounts to have them refunded. • You must vary the Activity Statement before its due date (e.g. 28 April 2020) and before you lodge your tax return for the year. • Where you choose to vary your PAYGI, the ATO will not apply penalties, charge or interest to the varied instalments for the 2019-20 financial year. • If you have made a mistake or don't vary your Activity Statement in time, you can correct it by lodging a revised Activity Statement or varying a subsequent instalment. 	
<p>12 \$750 stimulus payment</p> <ul style="list-style-type: none"> • Anyone currently receiving Centrelink benefits, family tax benefit and Age Pension will receive a \$750 'stimulus payment'. • This is administered through Centrelink to be paid from 31 March 2020. • A second \$750 'stimulus payment' will be made on 13 July if you do not qualify for the \$550 'coronavirus supplement'. 	

Economic Stimulus Packages

Notes

13 Coronavirus supplement

- Casuals earning less than \$1,075 per fortnight may be able to access the \$550 fortnightly 'coronavirus supplement'.
- Those receiving Jobseeker payment, Youth Allowance and Parenting Payment will qualify for the \$550 fortnightly 'coronavirus supplement'.
- Refer to the Centrelink and myGov sites for further details about eligibility and application requirements.
- This will also be means tested

14 Bank loans and mortgages

- The banks have been given extra funding by the RBA to extend low interest loans as well as offer up to 6 month 'freeze' on repayments.
- Contact your bank / finance company / broker to discuss your options.
- The interest that continues to accrue on loans is likely to be capitalised on the balance of the loan during the 'freeze' period.
- Loan repayments are likely to increase after the 'freeze' period or a balloon payment may be added on the end of the loan.

15 Superannuation

- The Government is allowing early access to super savings for people affected by Coronavirus (COVID-19). If eligible, you can apply online through myGov to access up to \$10,000 of your super before 1 July 2020, and a further \$10,000 from 1 July 2020 to 24 September 2020.

Economic Stimulus Packages	Notes
<p>16 JobKeeper</p> <ul style="list-style-type: none"> • The JobKeeper payments are available to eligible employers as a reimbursement for wages they have paid their employees at a fixed amount of \$1,500 per fortnight for each eligible employee. • Employers will need to pay eligible employees a minimum of \$1,500 (before tax) per fortnight to claim the JobKeeper payment from the ATO. If employers do not pay their employees the minimum amount for each pay period, they will not qualify for the JobKeeper reimbursement. • JobKeeper payments are available for wages paid between Monday 30 March 2020 and Sunday 27 September 2020. This covers 13 fortnights. • The ATO will reimburse the eligible employers each month in arrears (i.e. after the employer has paid the wages to the eligible employees). The first payments to eligible employers will commence in the first week of May 2020. • Eligibility – Employers: <ul style="list-style-type: none"> • On 1 March 2020, you carried on a business in Australia or where a not-for-profit organisation that pursued their objectives principally in Australia • You employed at least one eligible employee on 1 March 2020 • Your eligible employees are currently employed by your business for the fortnights you claim for (including those that are stood down or re-hired) 	

Economic Stimulus Packages	Notes
<p>16 JobKeeper ...continued</p> <ul style="list-style-type: none"> • Eligibility – Employers: <ul style="list-style-type: none"> • On 1 March 2020, you carried on a business in Australia or where a not-for-profit organisation that pursued their objectives principally in Australia • You employed at least one eligible employee on 1 March 2020 • Your eligible employees are currently employed by your business for the fortnights you claim for (including those that are stood down or re-hired) • Your business has faced a: <ul style="list-style-type: none"> • 30% fall in turnover (if less than \$1bn turnover); or • 15% fall in turnover if you are an ACNC-registered charity (other than universities and schools) • Your business is not in the ineligible categories • Eligibility – Sole Traders, Partnerships, Trusts and Companies <ul style="list-style-type: none"> • The limit is one \$1,500 JobKeeper payment per fortnight for one eligible business participant: <ul style="list-style-type: none"> • Sole trader —> the individual • Partnership —> 1 partner in the partnership • Trust —> 1 adult beneficiary of the trust • Company —> 1 shareholder or 1 director 	

Economic Stimulus Packages	Notes
<p>16 JobKeeper ...continued</p> <ul style="list-style-type: none"> • Eligibility – Employees: <ul style="list-style-type: none"> • Are employed by you (including those stood down or re-hired) • Were either a: <ul style="list-style-type: none"> • permanent full-time or part-time employee at 1 March 2020 • long-term casual employee (employed on a regular and systematic basis for at least 12 months) as at 1 March 2020 and not a permanent employee of any other employer • Were at least 16 years of age on 1 March 2020 • Were an Australian resident as at 1 March 2020 within the meaning of the Social Security Act 1991, which requires that they reside in Australia, and are one of an Australian citizen, the holder of a permanent visa, or a Protected Special Category Visa Holder. They can also be an Australian tax resident who is a Special Category (Subclass 444) Visa Holder. • Were not in receipt of any of these payments during the JobKeeper fortnight: <ul style="list-style-type: none"> • government parental leave or Dad and partner pay • a payment in accordance with Australian worker compensation law for an individual’s total incapacity to work • Agree to be nominated by you 	