

COVID 19 - Coronavirus

Business Action Plan

Checklist






The COVID-19 pandemic is tracking to be the largest social upheaval the world has seen since World War II. The updates and announcements are coming thick and fast as the Government adapts to a moving target.

It's vital that every business develops a game plan to survive and hopefully rebound from this dramatic downturn. It's not easy to stay calm as we head into uncharted waters but having a game plan will provide a sense of direction.

Business owners across most industries keep asking, "What do we do next?" In response, we have put together this checklist and recommend you work your way through each item on the list. There are significant cash incentives and other allowances to help business deal with the crisis.

We urge you to claim every benefit you are entitled to and of course, feel free to contact us by phone or email to discuss your game plan.

<p style="text-align: right;"></p> <p style="text-align: right;">As you complete each task tick the check box</p>	
<p>1. Get Your Records Up To Date</p> <p>This is priority one. Up to date, accurate financial records allow us to work together to make informed business decisions. By preparing interim financial statements to March 31, 2020 we can:</p> <ul style="list-style-type: none"> a) Look at where you stand from a year-end tax point of view b) Finalise your March BAS and look at any potential variations to minimise your cash outflows c) The interim statements will help us calculate salaries to pay in the June quarter. The PAYG component will impact on your entitlement to Government Stimulus Payments d) Know your accounts receivable, accounts payable and current bank balances 	 <input type="checkbox"/>
<p>2. Build a Cash Flow Forecast for the next 12 months and keep updating it at least every month as you get more information about revenue and costs.</p> <p>Cash flow is the lifeblood of any business and it just became critical. The main reason most business owners prepare a cash flow forecast is to raise finance but right now it needs to identify how much money you will need and when. The forecast will project your bank balance at the end of every month.</p> <p>Whenever you prepare a cash flow budget you have to make a number of key assumptions. These assumptions should be realistic and supported by research, available data plus known facts such as fixed costs (rent, and forward contracts). The uncertainty around the duration of the crisis makes it hard to project revenue and costs but you need to do your best. For many businesses, revenue may be zero for months to come so identifying your Government entitlements under the stimulus packages is a key item on this checklist.</p>	<input type="checkbox"/>

regardless of when they were registered, subject to meeting other eligibility requirements. This recognises that new charities may be established in response to the Coronavirus pandemic.

To qualify for the additional payment, the entity must continue to be active.

4. **Government Stimulus Entitlements – Loans**

The government has offered the banks \$20 billion to help them lend \$40 billion to struggling businesses. The maximum loan amount is \$250k and these funds could provide a lifeline to eligible businesses (SME's with a turnover of up to \$50 million). Under the Scheme, the Government will provide a 50% guarantee to SME lenders for new unsecured loans to be used for working capital. Some conditions apply:

- Maximum loan size is \$250,000 per borrower.
- The loans will be up to 3 years, with an initial 6 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. Loans will be subject to lenders' credit assessment processes
- The Government will encourage lenders to provide facilities to SMEs that only have to be drawn down if needed by the SME.
- The Scheme will commence by early April 2020 and be available for new loans made by participating lenders until 30 September 2020.

You can read more about the loans on offer [here](#)

5. **Job Keeper Assistance**

The Government's 'Job Keeper' Program provides wage subsidy payments to Australian businesses (with a turnover of less than \$1 billion) whose turnover will reduce by more than 30 per cent due to COVID 19. The decline is relative to a comparable period a year ago (of at least a month). Businesses will be able to claim a fortnightly flat payment of \$1,500 per eligible employee from 30 March 2020, for a maximum period of 6 months. Payments will begin being paid in the first week of May.



Eligible employees are employees who are currently employed by the eligible employer (including those stood down or re-hired) and were employed by the employer at 1 March 2020. They include full-time, part-time or long-term casuals (a casual employed on a regular basis for longer than 12 months as at 1 March 2020). They must be at least 16 years of age.

The subsidy is specifically intended to keep employees in work, not to boost the bank balances of businesses themselves, and the ATO will enforce this. Self-employed individuals (businesses without employees) that meet the turnover decline test are also eligible to apply for Job Keeper Payments.

Employers can register their interest in the Job Keeper Payment via ato.gov.au and in turn you will need to provide information to the ATO on eligible employees including the number of eligible employees engaged as at 1 March 2020 and those currently employed by the business (including those stood down or re-hired). For most businesses, the ATO will use Single Touch Payroll data to pre-populate the employee details for the business.

6. Consider ATO Payment Deferral Concessions

The ATO assistance in this area is not automatic, so you will need to approach them for assistance. If eligible, the ATO will 'tailor' the assistance package for you. Please contact us if you need guidance in this area.

The ATO payment deferral concessions include:

- Deferring payment date of amounts due by up to 4 months for Business Activity Statements (including PAYG instalments), income tax assessments, fringe benefits tax assessments and excise duty.
- Allowing businesses on a quarterly reporting cycle to opt into monthly GST reporting in order to get faster access to GST refunds they may be entitled to.
- Allowing businesses to vary Pay As You Go (PAYG) instalment amounts to zero for the March 2020 quarter. Businesses that vary their PAYG instalment to zero can also claim a refund for any instalments made for the September 2019 and December 2019 quarters.
- Remitting any interest and penalties, incurred on or after January 23, 2020, that have been applied to tax liabilities.
- Allowing affected businesses to enter into low-interest payment plans for their existing and ongoing tax liabilities.

7. State Government Grants

State Governments are also providing various incentives. The NSW State Government is offering relief on Payroll Tax.

ELIGIBILITY

Employers whose total grouped Australian wages for the 2019-20 financial year are no more than \$10 million.

PAYROLL TAX REDUCTION

Eligible employers will have their 2019/20 financial year payroll tax liability reduced by 25%. The reduction in the liability will be received when the annual reconciliation for the year is lodged, which is due on 28 July 2020.

PAYROLL TAX PAYMENT WAIVER

Eligible employers will not be required to make payroll tax payments in NSW for the months of March, April and May 2020. It is currently unclear whether the monthly returns will still need to be lodged.

In this manner, the measures provide almost immediate effect by relieving eligible employers from the March 2020 payroll tax payment which would have been due on 7 April 2020.

Eligible employers will still be required to report wages paid during those months in their annual reconciliation.

PAYROLL TAX THRESHOLD INCREASED FROM 1 JULY 2020

The NSW Government has also announced the payroll tax free threshold will increase from \$900,000 to \$1,000,000 with effect from 1 July 2020. This increase is a general



increase and will apply to all employers. This replaces the previously scheduled increase in the threshold to \$950,000.

Other state governments are offering various grants, payroll tax reductions, waiver of a range of fees and charges for small businesses including bars, cafes, restaurants and tradies. We recommend you visit the state government sites for more information.

8. Marketing

At the moment it's probably not high on your agenda, however, marketing remains important. Your competitors are probably rattled so this is an opportunity. The most important thing right now is to communicate with your customers and clients. Remember, they are probably in the same boat as you.



Anything you do to help them right now might be rewarded with some loyalty down the track. Digital marketing is cheap so send an email, produce a short video, write some blogs or produce an e-Book or newsletter. The shut down and lock down period can be used to develop your marketing plan for the next few months. It could be as simple as forwarding them this checklist or our Recession Proofing e-Book that we sent to you at the end of March.

Take care, stay safe and contact us for assistance.