COVID 19 - Coronavirus Business Action Plan Checklist

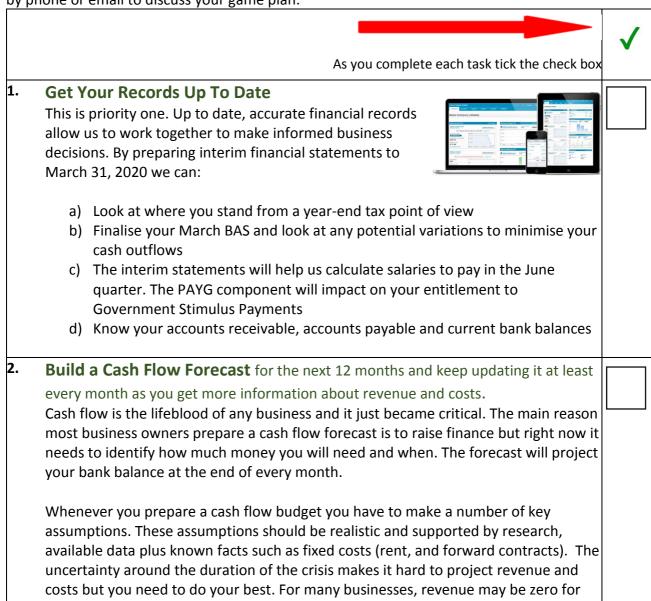


The COVID-19 pandemic is tracking to be the largest social upheaval the world has seen since World War II. The updates and announcements are coming thick and fast as the Government adapts to a moving target.

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 unchartered 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.



months to come so identifying your Government entitlements under the stimulus

packages is a key item on this checklist.

The information in your cash flow budget is designed to:

- forecast your likely cash position at the end of each month
- identify the timing of potential cash shortages
- plan your tax payments and
- plan for any major capital expenditure (instant asset write-off incentive).

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		January	February	March	April	May	June	July	August	September	Outshee	November	December
	Opening Belonce	\$1,000.00	recounty	marcii	Alpin	may	Julie	vary	Modest	34perinser	Oction	HOTELINE	pacamen
	Opening Delance												
	Income												
	Sides	\$100.00	\$100.00	\$50.00	\$140.00	\$170.00	\$100.00	\$80.00	\$60.00	\$35.00	\$157.00	\$134.00	\$98.00
	Lose	52 000 00	50.00	50.00	80.00	50.00	50.00	50.00	\$6.00	\$0.00	50.00	50.00	80.00
	Back Interest	\$3.00	53.00	\$3.00	\$3.00	53.00	53.00	53.00	\$3.00	\$3.00	\$3.00	53.00	\$3.00
	Other Income					\$40.00			\$150.00				
	Total Iscome	\$2 103.00	\$103.00	\$53.00	\$143.00	\$163.00	\$193.00	\$83.00		538.00	\$150.00	\$137.00	\$101.00
	Expenses												
	Direct Costs -												
	Stock	20	29	39	30	20	40	20	30	10	10	20	30
	Materials	6	5		6	6	6	5	6	6	6		6
	Packaging	14	17	12	13	14	15	17	12	14	13	19	10
	Wages	100	101	100	100	100	100	100	100	100	100	100	100
	Overheads -												
	Accounting	20	20	23	20	20	20	20	20	20	20	20	20
	Bank Fees	5	5	5	5	- 5	- 5	5	5	5	5	5	5
	Postage	1	1	1	1	1	- 1	- 1	1	1	1	1	1
	Insurance	4	4	4	4	4	4	- 4	4	4	4	4	4
	Interest		1	1	- 1	1	- 1	- 1	- 1	1	- 1	1	1
	Loan Repayments	20	29	29	20	20	20	20	20	20	20	29	20
	Marketing	30			30			50				30	10
	Electricity	10	10	10	10	10	10	10		10	10	10	10
	Rent	100	103	109	100	100	110	100	160	100	100	100	100
	Repairs	- 6	5	- 5	5	- 6	6	5	- 5	5	6	5	5
	Stationary	2	2	2	2	2	2	2		2	2	2	2
	Website	15	15	15	15	15	16	15		15	16	15	15
	Telephone	10	19	19	10	10	10	10	10	10	10	19	10
	Subscriptions	8	- 8	8	8	8	8	8	8	8	8	- 8	8
4	Total Expenses	370	343	341	379	340	361	191	348	330	329	375	356

To produce your cash flow statement, the starting point is to extract last year's cash flow report from your accounting software. Project your likely receipts including any government stimulus payments. This won't be easy but depending on your industry, you might need to work on a decrease of between 25% and 60% or possibly more, of sales.

Work through your fixed costs (rent, insurances, subscriptions, loan and lease repayments etc.) and then consider your staff requirements and calculate your anticipated wages. Next, plug in your variable costs like direct materials, stock, commissions, freight etc.

You can download a cash flow budget template from the resources tab of our website.

3. Government Stimulus Entitlements - Cash Boost

The Government is providing up to \$100,000 to eligible small and medium-sized businesses and not-for-profits (including charities) that employ people, with a minimum payment of \$20,000. Employers with aggregated annual turnover of less than \$50m will receive a payment equal to 100 per cent of the PAYG tax withheld on salary and wages in the March and



June quarters with the maximum payment being \$50,000. The minimum payment is \$10,000.

An additional payment will also be paid in respect of the July to September 2020 quarter. This means that eligible entities will receive between \$20,000 and \$100,000 when you combine both payments. The cash boost is a tax free payment to employers and is automatically calculated by the Australian Taxation Office (ATO) based on Business Activity Statements lodged. There are no new forms required. Eligibility will generally be based on prior year turnover.

- The payment will be delivered by the ATO as an automatic credit in the activity statement system from 28 April 2020 upon employers lodging eligible upcoming activity statements.
- Eligible employers that withhold tax to the ATO on their employees' salary and wages will receive a payment equal to 100 per cent of the amount withheld, up to a maximum payment of \$50,000.
- Eligible employers that pay salary and wages will receive a minimum payment of \$10,000, even if they are not required to withhold tax.
- The payments will only be available to active eligible employers established prior to 12 March 2020. However, charities which are registered with the Australian Charities and Not-for-profits Commission will be eligible

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.