BUSINESS SUPPORT DURING COVID-19

FACT SHEET

This fact sheet provides information regarding the support available to businesses in response to the disruption caused by COVID-19. It is organised into the following sections:

Current at: 23 July 2020

Section 1. Federal Government Support - page 1

Section 2. Victorian Government Support - page 9

Section 3. Other Support - page 12

Section 4. Restrictions on Operations - page 15

Key Sources:

https://treasury.gov.au/coronavirus/

https://www.business.vic.gov.au/disputes-disasters-and-succession-planning/illness-and-business-management-plan/coronavirus-business-support

Section 1. Federal Government Support

CORONAVIRUS APP

A coronavirus app and WhatsApp channel have been released by the Commonwealth Government. The app is available on Apple and Android devices. The WhatsApp channel can be accessed by entering aus.gov.au/whatsapp into your internet browser.

This platform provides a trusted source of information for Australians looking for important advice on how they can protect themselves and others, current restrictions on social gatherings, how they can access support and the latest data on Australian cases.

HELPLINE FOR SMALL BUSINESSES IMPACTED BY COVID-19

The Federal Government's Business Hotline - 13 28 46 - has been expanded to provide specialist advisers and extended hours to support small and medium businesses impacted by the COVID-19 pandemic.

The hotline is available to provide businesses readily available access to advice so they can fully understand the assistance available to them and their employees.

This service is available to provide COVID-19 related support, answering calls and <u>online</u> <u>chat</u> from 8:00am – 8:00pm across Australia, seven days a week.

SUPPORT FOR BUSINESS CASH FLOW

The Federal Government is providing a temporary cash flow boost of up to \$100,000 over two quarters to eligible small and medium sized businesses, and not-for-profits (NFPs) (including charities) that employ people.

These payments will help businesses and NFPs with their cash flow so they can keep operating, pay their rent, electricity and other bills and retain staff.

Who:

 Small and medium sized businesses (including not-for-profit organisations) that employ people and have an aggregated annual turnover up to \$50 million are eligible.

What:

 The Government is providing tax-free cash flow boosts of between \$20,000 and \$100,000 to eligible businesses and not-for-profit (NFP) organisations who employ staff.

How:

 For most businesses, the cash flow boost will automatically be credited to their account when they lodge their activity statement up to the month or quarter of September 2020

Eligible employers that pay salary and wages will receive a minimum payment of \$10,000, even if they are not required to withhold tax. For more information on support for business cash flow, please click here for the factsheet.

ACCESS TO CREDIT

Coronavirus Small and Medium Enterprises (SME) Guarantee Scheme

The Coronavirus SME Guarantee Scheme provides SMEs (including sole traders and notfor-profits) a government guarantee of 50 per cent for new loans issued by eligible lenders.

SMEs with a turnover of up to \$50 million are eligible to receive these loans and the size of the loan is a maximum of \$250,000. Loans will be for up to three years, with an initial sixmonth repayment holiday.

The Scheme exists to enhance lenders' willingness and ability to provide credit, supporting many otherwise viable SMEs to access vital additional funding to get through the impact of COVID-19.

The Scheme will be available for new loans made by participating lenders until 30 September 2020.

Credit Enhancement

The Government is providing an exemption from responsible lending obligations for lenders providing credit to existing small business customers. This exemption is for six months, and applies to any credit for business purposes, including new credit, credit limit increases and credit variations and restructures. By providing a temporary exemption from responsible lending obligations, this reform will help small businesses get access to credit quickly and efficiently.

For more information on access to credit measures, please visit this website.

OTHER SUPPORT FOR BUSINESS

Changes to insolvency and bankruptcy

The Federal Government has implemented changes to laws and regulations that govern business practices to ensure that businesses do not go under from being unable to meet their obligations due to complications arising from COVID-19. This includes changes to insolvency proceedings, changes to bankruptcy proceedings and changes to directors' personal liability. For more information, please click here for the factsheet.

Land tax deferral

This is assistance provided by the Victorian Government. For more information, see section on Victorian Government Support on page 9.

Assets and depreciation changes

Your business may be eligible for other assistance to support business investment and business capacity. See sections pertaining to the Instant Asset Write-Off and accelerated depreciation on page 7.

Air freight support

The Australian Government has set up an International Freight Assistance Mechanism (IFAM). This will back Australia's agriculture and seafood export sectors. \$351.9 million will help exporters get their high-quality produce into key overseas markets.

Eligibility

The target of IFAM is high-value agricultural and fisheries exports. On outbound flights IFAM is prioritising high-value, time-sensitive and perishable products where Australian businesses have established international customers.

On outbound flights IFAM has supported:

- Seafood (including lobsters)
- Premium red meat (including beef, lamb and pork)
- Dairy (such as fresh milk and yoghurt)
- Horticulture (such as premium fruits and packaged salad or vegetables)

To register interest and communicate your air freight needs to the government, visit this Department of Agriculture, Water and Environment website.

SUPPORT WITH AND FOR EMPLOYEES

JobKeeper Payment

The <u>Jobkeeper Payment</u> is available to provide businesses impacted by COVID-19 access to a wage subsidy from the Government to continue paying their employees. More information related to this scheme can be found <u>on this factsheet from the Federal Government</u>.

On 21 July 2020 the Federal Government announced a decision to <u>extend the JobKeeper</u> Payment until 28 March 2021.

From 30 March 2020 to 27 September 2020

Affected employers will be able to claim a fortnightly payment of \$1,500 per eligible employee from 30 March 2020 until 27 September 2020.

Eligible employees will receive a minimum of \$1,500 per fortnight, before tax.

Employers will be eligible for the subsidy if:

- their business has a turnover of less than \$1 billion and their turnover will be reduced by more than 30 per cent relative to a comparable period a year ago (of at least a month); or
- their business has a turnover of \$1 billion or more and their turnover will be reduced by more than 50 per cent relative to a comparable period a year ago (of at least a month); and
- the business is not in one of the ineligible employer categories.

The employer must have been in an employment relationship with eligible employees as at 1 March 2020, and confirm that each eligible employee is currently engaged in order to receive JobKeeper Payments.

Not-for-profit entities and self-employed individuals (businesses without employees) that meet the turnover tests that apply for businesses are eligible to apply for JobKeeper Payments. ACNC registered charities that experience a 15% fall in turnover are also eligible.

Business with employees and without employees (self-employed) can register interest in applying for JobKeeper Payments.

To register for the JobKeeper Payment employers should follow the instructions available on the ATO website.

Note: From 20 July 2020, JobKeeper payments will stop for:

- employees of an approved provider of child care services where those employees whose ordinary duties are that they are engaged principally in the operation of the child care centre,
- eligible business participants where the business entity is an approved provider of a child care service.

Childcare providers need to ensure that they do not claim JobKeeper for employees and eligible business participants who are no longer eligible.

From 28 September 2020 to 3 January 2021

From 28 September 2020, organisations seeking to claim JobKeeper payments will be required to reassess their eligibility for the JobKeeper extension with reference to their actual turnover in the June and September quarters 2020.

Organisations will need to demonstrate that they have met the relevant continuing decline in turnover test in both of those quarters to remain eligible payments during this period.

The JobKeeper payment rate will change to:

- \$1,200 per fortnight for all eligible employees who, in the four weeks before 1 March 2020, were working in the business for 20 hours or more a week on average and for business participants who were actively engaged in the business for more than 20 hours per week, and
- \$750 per fortnight for employees who were working in the business for less than 20 hours a week on average and business participants who were actively engaged in the business less than 20 hours per week in the same period.

From 4 January 2021 to 28 March 2021

A further reassessment of Jobkeeper payment eligibility will be undertaken in January 2021 for the period from 4 January to 28 March 2021.

Organisations will need to demonstrate that they have met the relevant continuing decline in turnover test in each of the previous three quarters to remain eligible this further period.

The JobKeeper payment rate will change to:

- \$1,000 per fortnight for all eligible employees who in the four weeks before 1 March 2020, were working for 20 hours or more a week on average and for business participants who were actively engaged in the business for more than 20 hours per week, and
- \$650 per fortnight for employees who were working for less than 20 hours a week on average and business participants who were actively engaged in the business for less than 20 hours per week in the same period.

Apprentices and trainees

The Federal Government is supporting small business to <u>retain their apprentices and trainees</u>.

Who:

• The subsidy is available to small businesses employing fewer than 20 full-time employees who retain an apprentice or trainee. The apprentice or trainee must have been in training with a small business as at 1 March 2020.

• Employers of any size and Group Training Organisations that re-engage an eligible out-of-trade apprentice or trainee will also be eligible for the subsidy.

What:

- Eligible employers can apply for a wage subsidy of 50 per cent of the apprentice's or trainee's wage paid during the 9 months from 1 January 2020 to 30 September 2020.
- Where a small business is not able to retain an apprentice, the subsidy is available to a new employer.
- Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter).

How:

- Employers are able to access the subsidy after an eligibility assessment is undertaken by an Australian Apprenticeship Support Network (AASN) provider.
- Employers can register for the subsidy from early April 2020. Final claims for payment must be lodged by 31 December 2020.
- For further information on how to apply for the subsidy, including information on eligibility, contact an <u>AASN provider</u>.

For more information, see this fact sheet from the Federal Government.

Extension of the Supporting Apprentices and Trainees measure

An extended wage subsidy of \$1,500 per fortnight is available to eligible Group Training Organisations where the Host Employer of any size is receiving the JobKeeper payment and retains their apprentice or trainee.

The apprentice or trainee must have been in training with a Host Employer of any size as at 1 March 2020.

Federal Government assistance payments and income support for workers

The Federal Government is providing a range of supplements, new payments and changes to eligibility requirement to reflect that employees who are stood down or have their work reduced require support with their income.

People who do not already receive a payment from the federal government may receive one of the following: Youth Allowance as a job seeker, JobSeeker Payment and Parenting Payment. The usual waiting periods and mutual obligation requirements may not apply. For further information, please visit <u>Services Australia</u>.

People who already receive a payment from the federal government may experience additional supplements or higher rates of the payments they already receive. For further information, please visit Services Australia.

Those who are eligible for payments through either of the above categories, or who can show they are otherwise employed but currently experiencing reduced income due to the nature of their work, may also be able to apply for up to \$20,000 from their superannuation

accounts over two years. Applications are made to the ATO. For more information, please see this fact sheet from the Federal Government.

SUPPORT FOR SOLE TRADERS

JobKeeper payments

A <u>JobKeeper Payment</u> is available to provide businesses impacted by COVID-19 with access to a wage subsidy from the Federal Government. Sole traders may be eligible for this payment. More information related to this scheme can be found on page 4 of this document and on this Federal Government fact sheet.

Early access to superannuation

As sole traders may be experiencing reduced income to their business as a result of COVID-19, they may require access to an additional income stream. Sole traders are able to self-certify that their turnover has reduced by 20 per cent or more and apply to access a fixed amount of the superannuation, as above. This is only optional, not compulsory. For more information, please see this <u>fact sheet from the Federal Government</u>.

Instant asset-write off

Who:

The Federal Government has expanded access to the Instant Asset Write-Off (IAWO) to include all businesses with aggregated annual turnover of less than \$500 million, up from \$50 million.

What:

The IAWO threshold has been increased from \$30,000 to \$150,000. This allows businesses to immediately deduct purchases of eligible assets each costing less than \$150,000. The threshold applies on a per asset basis, so eligible businesses can immediately write-off multiple assets.

Note: These arrangements apply until 31 December 2020. The IAWO is due to revert to \$1,000 for small businesses (turnover less than \$10 million) from 1 January 2021.

How:

This benefit can be claimed through ordinary reporting to the Tax Office for corporate taxation purposes.

Enhanced depreciation measures

Who:

Eligibility applies to businesses with aggregated turnover below \$500 million purchasing certain new depreciable assets.

What:

From 12 March 2020 until 30 June 2021 a time-limited (15 month) investment incentive has

been provided to support business investment and economic growth, by accelerating depreciation deductions.

Enhanced depreciation benefits are either:

- A deduction of 50 per cent of the cost of an eligible asset on installation, with existing depreciation rules applying to the balance of the asset's cost, or
- If you are using the simplified depreciation rules for small business, you can claim 57.5% of the cost of the asset in the first year you add the asset to the small business pool.

Enhanced depreciation applies to new assets that can be depreciated under Division 40 of the Income Tax Assessment Act 1997 (i.e. plant, equipment and specified intangible assets, such as patents) acquired after 12 March 2020 and first used or installed by 30 June 2021. Does not apply to second-hand Division 40 assets, or buildings and other capital works depreciable under Division 43.

How:

This benefit can be claimed through ordinary reporting to the Tax Office for corporate taxation purposes.

Section 2. Victorian Government Support

Business Hotline – 13 22 15

The Victorian Government has launched a hotline for businesses dealing with the significant challenges posed by the COVID-19 outbreak.

Businesses across the state can now access information on dealing with COVID-19 by calling the Business Victoria hotline on 13 22 15.

Operators calling the hotline will be able to get information about support services, including those available through Business Victoria, which offers mentoring to help operators develop business continuity and recovery plans.

Payroll Tax Waivers

The Victorian Government provided full payroll tax refunds for the 2019-20 financial year to small and medium-sized businesses with a payroll of less than \$3 million.

Note, this initiative has now expired and businesses will be charged their usual payroll tax liability by the Victorian Government in 2020-21.

From 1 July 2020, some eligible businesses with a payroll of \$10 million or less may have the option of deferring payroll tax liabilities for the remainder of this year until 1 January 2021

More information about the administration of these relief measures will be sent directly to eligible businesses by the State Revenue Office.

Rent relief for tenants of Victorian Government buildings

Commercial tenants in Victorian Government buildings can apply for rent relief. The Victorian Government will work directly with tenants eligible for this assistance.

Land tax payments

Land tax payments for 2020 may be deferred for eligible commercial property owners. Land owners due to pay 2020 land tax that have at least one non-residential property and total taxable landholdings below \$1 million have the option of deferring their 2020 land tax payment until after 31 December 2020.

If an eligible land owner has already paid their 2020 land tax they can request a return of the tax paid.

The State Revenue Office will contact all taxpayers who are eligible for this deferral.

For information on assistance for commercial tenants, see page 14.

Liquor licensing fees

The Victorian Government has undertaken to waive liquor licensing fees for 2020 for affected venues and small businesses.

The State Revenue Office is administering the reimbursement, regardless of whether the license fee was paid to it or the Victorian Commission for Gaming and Liquor Regulation.

Business Support Fund

The Victorian Government's original Business Support Fund closed for applications on 1 June 2020. It provided grants of \$10,000 to eligible small businesses in Victoria.

A new Business Support Fund grant is now available to eligible small businesses operating within metropolitan Melbourne or Mitchell Shire affected by the return to Stage 3 *Stay at Home* restrictions.

The grant will provide a one-off \$5,000 payment.

Businesses can apply where they meet all the criteria listed below. They must:

- operate a business located in metropolitan Melbourne or Mitchell Shire
- be a participant in the Commonwealth Government's JobKeeper Payment scheme
- employ people
- be registered with WorkSafe on 30 June 2020
- have an annual payroll of less than \$3 million in 2019-20 on an ungrouped basis
- be registered for Goods and Services Tax (GST) as at 30 June 2020
- hold an Australian Business Number (ABN) and have held that ABN at 30 June 2020
- be registered with the responsible Federal or State regulator.

Businesses that have received funding from other components of the Victorian Government's Economic Survival Package are eligible to apply for this program.

Business owners that do not employ people (non-employing businesses) are NOT eligible for funding through this program.

Further information about how to apply for a Business Support Fund grant is available on the Business Victoria website.

Regional Tourism Accommodation Support Program

The Victorian Government's Regional Tourism Accommodation Support Program is available to provide specific support for regional tourism businesses to cover the costs of refunds.

Accommodation providers across regional Victoria with an Australian Business Number (ABN) will be able to make a claim for a payment of up to \$225 per booking, per night up to a maximum of \$1125.

Payments are to be made available provided that accommodation providers have refunded in full the booking to a person/s who can no longer travel as a result of restrictions in metropolitan Melbourne and Mitchell Shire, or from state border restrictions.

The program is available to accommodation providers in the eleven Victorian Regional Tourism Regions. This includes providers in 48 Regional and Rural Council areas, plus the

Mornington Peninsula Shire Council, Frankston City Council, Yarra Ranges Shire, Nillumbik Shire Council, Cardinia Shire Council, Victoria's six Alpine Resorts, French Island, Lady Julia Percy Island and Gabo Island.

The accommodation provider must be registered with an ABN prior to 30 June 2020 to make a claim. More detailed program eligibility information is <u>available in the Regional Tourism</u>
<u>Accommodation Support Program guidelines.</u>

Accommodation providers can apply for this support on the Business Victoria website until 19 August 2020.

CBD Business Support Fund

The Victorian Government's CBD Business Support Fund will help small businesses in Melbourne's CBD faced with a large and sustained shock to their trading environments.

Further details about support offered and eligibility for assistance from this fund are yet to be released.

CBD businesses can register their interest in this fund by completing this online form.

Night-time Economy Support Program

The Victorian Government's Night-time Economy Support Program will help businesses hardest hit in the hospitality sector.

Further details about support offered and eligibility for assistance from this program are yet to be released.

Hospitality businesses can register their interest in this program by completing this <u>online</u> <u>form</u>.

Working for Victoria initiative

The Victorian Government has established a Working for Victoria initiative in consultation with the Victorian Council of Social Services, the Victorian Trades Hall Council and Sidekicker.

The fund is to help workers who have lost their jobs to find new opportunities, including work cleaning public infrastructure or delivering food – providing vital contributions to our state's response to the pandemic and affording those Victorians security when it's needed most.

The partnership with the Sidekicker app assists in matching available workers to jobs that suit them.

Individuals can apply for work under the Working for Victoria initiative at: https://www.vic.gov.au/workingforvictoria

Section 3. Other Support

Facemasks in the workplace

The <u>Facemasks in the workplace factsheet</u> provides information about the use of facemasks to help you keep your employees and customers safe.

This factsheet should be read together with advice from the <u>Chief Health Officer and the Department of Health and Human Services issued on 10 July 2020</u>

Mental health support

While it is reasonable for people to be concerned about the outbreak of COVID-19, try to remember that medical, scientific and public health experts around the world are working hard to contain the virus, treat those affected and develop a vaccine as quickly as possible.

The mental health of employers and workers is critical during this period of significant disruption by COVID-19, and support is available.

Head to Health is a Commonwealth Government digital mental health portal which provides guidance on how to maintain good mental health during the coronavirus pandemic and in self-isolation, how to support children and loved ones, and how to access further mental health services and care. https://headtohealth.gov.au/covid-19-support/covid-19.

Beyond Blue has coronavirus resources to help at https://coronavirus.beyondblue.org.au/

Lifeline is a national charity open to all Australians in personal crisis. They have 24-hour crisis support and suicide prevention services. http://www.lifeline.org.au/

Headspace is the national youth mental health foundation. They can help young people aged 12-25 who are going through a tough time. http://www.headspace.org.au/

Support for business from banks

The Australian Banking Association has announced that its member banks – which include ANZ, Commonwealth Bank, NAB and Westpac – will defer loan repayments for businesses affected by the COVID-19. This applies to businesses who have business loans with a member bank, where the value of the loan is up to \$10 million. This threshold covers around 98% of businesses.

In addition to deferral of loan repayments, other measures your business may be eligible for include:

- Waiving fees and charges
- Interest free periods or no interest rate increases
- Debt consolidation to help make repayments more manageable.

As customers approach the end of their six-month loan repayment deferral period, banks are implementing phase two of their COVID-19 support. Assistance available under phase two

support will depend on whether businesses are able to recommence making repayments to banks in full/partially, or remain unable to make payments.

For more information about the ABA's COVID-19 support, click <u>here.</u> Businesses should contact their banks directly on the numbers below to discuss their circumstances and access support.

ANZ: 1800 351 548

Commonwealth Bank: 132 607

NAB: 1300 769 650 Westpac: 132 142

Business continuity and recovery plans

Best practice for businesses is to have a <u>continuity plan</u>. Business Victoria has information to help your business <u>evaluate risk</u> and <u>prepare a risk management plan</u>.

Once the initial damage assessment has been done on your business, you need to think about what you'll do long term and how you might respond and recover.

Small Business Victoria provides low cost mentoring services to help you work through or develop a recovery plan. You can book an appointment with a mentor here.

CPA Australia has developed some <u>high-level tips to help businesses respond to COVID-19</u>, including staying up-to-date with information, considering the potential impacts on your business, putting a contingency plan in place and seeking professional advice if required.

You can access a detailed summary of potential actions and more resources for business at https://www.cpaaustralia.com.au/training-and-events/coronavirus-impact

The Federal Government's **Coronavirus Business Liaison Unit** is now operating out of the federal Treasury and can be contacted by email at coronavirusbusinessliaison@treasury.gov.au

Employer obligations under Fair Work

Whether the option of standing down employees is available in circumstances relating to COVID-19 is very circumstance dependent and an employer should exercise the option cautiously. The employer must be able to demonstrate that:

- there is a stoppage of work
- the employees to be stood down cannot be usefully employed (which is not limited to the work an employee usually performs)
- the cause of the stoppage must also be one that the employer cannot reasonably be held responsible for.

Employers cannot generally stand down employees simply because of a deterioration of business conditions or because an employee has COVID-19.

For more information, see the FairWork Ombudsman's Coronavirus advice.

Commercial tenancies

The Victorian government has announced the framework of its measures to assist business tenants.

Who

Businesses that meet the following criteria are eligible for special measures to assist them keep their business afloat.

- A turnover up to \$50 million
- Have experienced a decrease in turnover of at least 30 per cent due to COVID-19

What

- A six-month moratorium on commercial tenancy evictions due to the non-payment of rent, backdated to 29 March 2020
- A freeze on increases to rent during the six-month moratorium
- A waiver or deferral of rent paid to the landlord that is proportionate to the reduction in turnover experienced by the business. This will obviously differ from business to business, so business tenants should negotiate with their landlord and come to an agreement in writing.

How

You do not need to do anything to keep from being evicted or to keep your rent rate frozen, other than being able to document that you meet the above eligibility criteria.

If you are a business tenant and cannot come to an agreement about a waiver or deferral of rent for your COVID-19-affected business, Business Victoria is offering a meditation service for tenants and landlords to support fair tenancy negotiations. Your landlord will also be eligible for benefits in return for offering this assistance. Read more about the assistance at Business Victoria.

Commerical landlords who provide tenants impacted by coronavirus with rent relief may be eligible for a 25% reduction on the property's 2020 land tax.

If you cannot come to an agreement for rent reduction with your landlord, you can apply for free mediation with the Victorian Small Business Commission to resolve your rent dispute.

Bank assistance to commercial landlords

Commercial property landlords may be eligible for relief from their bank per the ABA assistance package detailed on page 12 as long as they provide an undertaking to the bank that for the period of the interest capitalisation, the landlord will not terminate leases or evict current tenants for rent arrears as a result of COVID-19.

Insurance payments

A number of insurance companies are offering relief options for small business customers experiencing financial hardship as a result of the impact of COVID-19. It is recommended

that you make contact with your insurer to discuss hardship relief options if you are experiencing a difficulty in making payments associated with your insurance.

Section 4. Restrictions on operations

All businesses should continue to monitor government advice to ensure they are up to date with rules related to mass gathering and social distancing.

Restrictions on business operations

Restrictions are current as of 8 July 2020 and are expected to be enforced for six weeks.

Further detailed information regarding restrictions on business operations can be found within the restricted activity direction available at: https://www.dhhs.vic.gov.au/victorias-restriction-levels-covid-19

How businesses are able to operate will now depend on whether they operate.

In metro Melbourne and Mitchell Shire 'restricted area', businesses should take note of their obligations under the:

- the Restricted Activity (Restricted Areas) directions, and
- the Stay at Home (Restricted Areas) directions.

In the rest of rural and regional Victoria, businesses should take note of their obligations under the:

- the Restricted Activity directions, and
- the Stay Safe directions.

If your business is not explicitly restricted by the directions, open retail facilities must still follow rules:

- Follow a density quotient (no more than 1 person per 4 square metres) and provide signage and directions to customers about the maximum number permitted
- Clean surfaces at least twice on any given day, clean any surface when visibly soiled
 and immediately clean after spills. These cleaning products must either have antiviral properties as specified on the packaging, or in keeping with instructions issued
 by DHHS.
- Comply with record keeping requirements listed within the applicable directions.
- In rural and regional Victoria, where necessary comply with the restricted area requirement, using reasonable endeavours to ascertain that the principal place of residence of each member of the public is not in a Restricted Area before providing service to the member of the public.

Visit <u>coronavirus.vic.gov.au</u> for the latest updates – issued daily – and additional information about restrictions on operations.