

FURTHER COVID-19 ASSISTANCE

This week the Federal Government announce additional support for businesses and individuals due to the impact of COVID- 19.

BOOSTING CASH FLOW FOR EMPLOYERS

On 12 March the Government announced that it would refund or credit 50% of salary and wages withheld up to a maximum of \$25,000 and minimum of \$2,000. This has now been increased.

Under the enhanced arrangement, the Government have increased the payment to be equal of 100% of salary and wages withheld. The maximum claim is \$50,000 and the minimum is now \$10,000.

An additional payment will be provided in the July to September quarter. This will result in eligible entities receiving an additional payment equal to their previous claim. Eligible entities will therefore receive a maximum payment of \$100,000 and a minimum payment of \$20,000 under both payments.

The eligibility of this arrangement has been expanded to include not for profits and charities with turnover of less than \$50 million and employee charities.

These payments will only be available to active employers established prior to 12 March 2020. For information on how these criteria may affect you directly, please contact us here at Inform Business Accounting.

CORONAVIRUS SME LOAN GUARANTEE SCHEME

The Government have announced that for businesses with a turnover of up to \$50 million, The Government will provide a guarantee of 50% of the loan value for new unsecured loans to be used for working capital.

Important features of these loans:

- Maximum total size of loans is \$250,000 per borrower
- Loan term is a maximum of three years with an initial six month repayment holiday
- The loans will be unsecured, therefore borrowers will not have to offer any existing assets to secure the loan

To assist in the flow of credit, the Government is exempting lenders from their responsible lending obligations. It is the hope of the Government, that the combination of securing half of the loan value and relieving lenders of their responsible lending obligations, will expedite businesses seeking new lines of credit, credit limit increases or credit restructures.

RELIEF FOR FINANCIALLY DISTRESSED BUSINESSES

Most businesses will be adversely affected by the economic downturn caused by COVID-19, the Government acknowledges that businesses that would otherwise be viable and flourishing, may now or soon be, under financial distress. As a result, a business experiencing financial distress may be more exposed to creditor wind up procedures, or directors may feel the pressure of personal liability due to trading while insolvent.

TEMPORARY HIGHER THRESHOLDS FOR CREDITOR DEMANDS.

For the next six months, the Government has increased a higher threshold for statutory demands by creditors. The minimum amount has been increased from \$2,000 to \$20,000.

Not responding to a demand creates the presumption that a company is insolvent. The time for a debtor to respond has been increased from 21 days to six months. This measure will apply for six months.

For individuals, the threshold for a creditor to initiate bankruptcy proceedings has been increased from \$5,000 to \$20,000.

RELIEF FROM DIRECTORS' PERSONAL LIABILITY FOR TRADING WHILE INSOLVENT

Company directors will be temporarily relieved of their duty to prevent insolvent trading with respect to any debts incurred in the ordinary course of a company's business. This initiative will also apply for six months.

However, while this measure may relieve a director of any personal liability associated with insolvent trading, it does not cover any personal guarantees a director may have made. Property rental agreements often include director personal guarantees. If during this time you are seeking rental relief from your landlord, also consider requesting relief from personal guarantees. Otherwise, the rents that would have normally accrued may be sought from you personally.

VICTORIAN GOVERNMENT MEASURES

Payroll Tax

The Victorian Government has announced that payroll tax for the 2019/20 year will be waived. Eligible businesses will be those with annual taxable wages up to \$3 million for the 2019/20 financial year. Reimbursements for payments already made will commence from 27 March. Eligible businesses need to continue to lodge returns, but do not need to make any further payments for the 2019/20 financial year.

In addition, businesses with taxable wages up to \$2m can defer the first quarter payment of the 2020/21 financial year until January 2021.

Land Tax

Land tax for 2020 on commercial property, industrial property or on non-residential vacant land can be deferred until after 1 January 2021, but paid in full by 31 March 2021. Landowners that have at least one taxable non-residential property and total taxable landholdings below \$1 million will be eligible.

If you have already paid it, you can request it to be returned, but it must be paid back in full prior to 31 March 2021.

Liquor Licence Fees

Liquor licence fees for 2020 will also be waived. If you have already paid this will be reimbursed.

If you have questions on how these measures may impact you, contact us on 03 9399 3769 or enquiries@informba.com to discuss how we may assist.