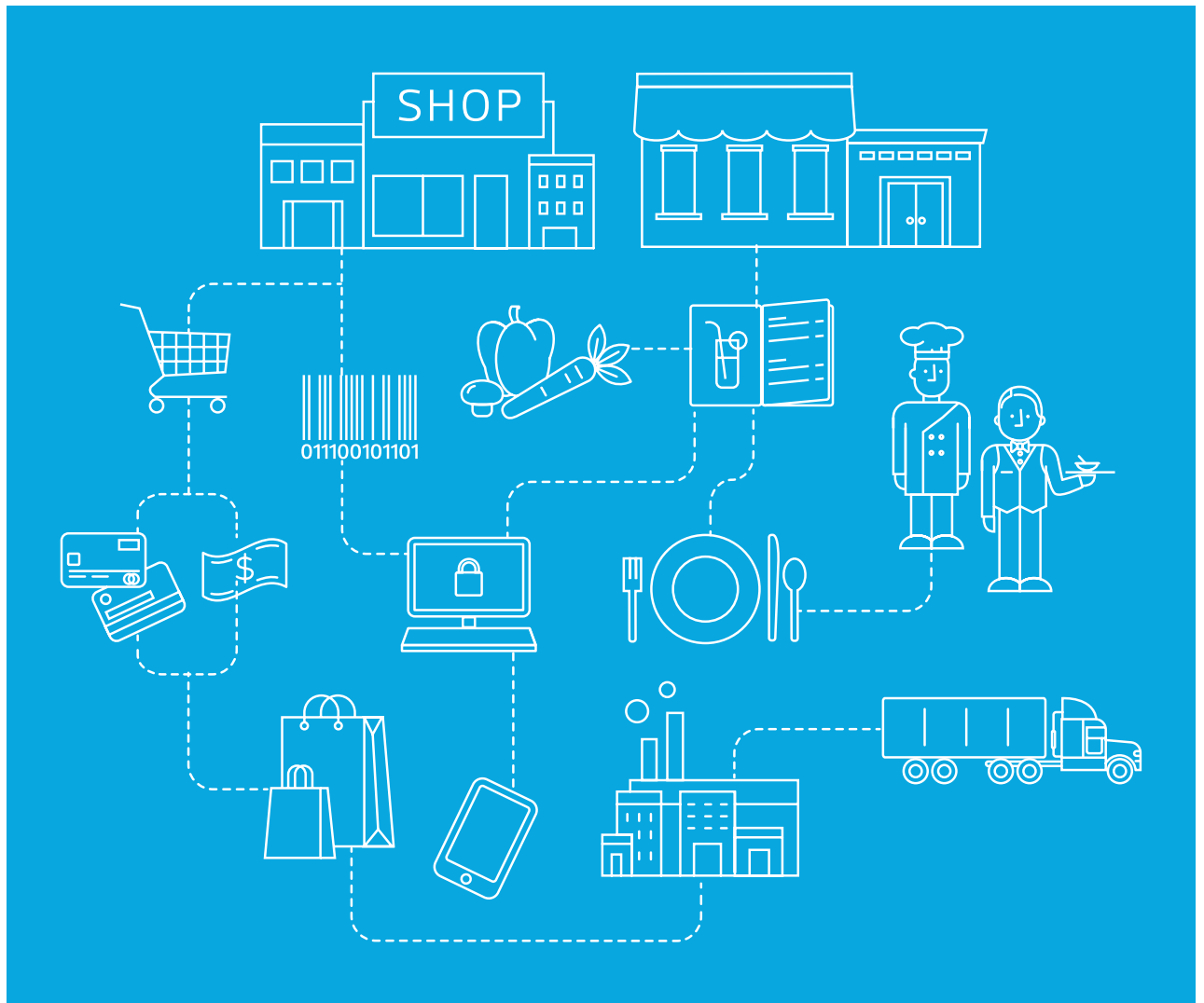


Federal Government's second economic stimulus package

An analysis of COVID-19 measures announced 22 March 2020



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Over the last few weeks, state governments have released stimulus packages directly impacting families and businesses. Our experts have analysed how these measures will impact you – click on the links below to read our latest analysis on these state stimulus packages. For a quick overview go to [page 13](#).



OVERVIEW

The Federal Government has introduced its second stimulus package to cushion the economic impact of the COVID-19 virus.

The package is aimed at helping small and medium-sized enterprises (SMEs) cope with the current downturn in the economy. This second package now brings the Government's total assistance to \$189 billion.

The support includes providing cash payments to SMEs that employ staff, and it is hoped that this is sufficient financial assistance to keep businesses operating for the next six months.

The package also provides additional funds to individuals with a focus on those currently receiving social security payments who need extra financial assistance. It also allows individuals affected through loss of employment, or reduced employment to withdraw up to \$20,000 from their superannuation funds.

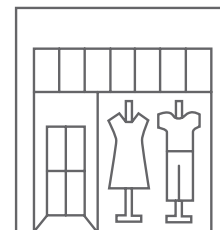
Furthermore, companies and company directors have been granted temporary concessions. The package increases the threshold at which creditors can issue statutory demands on a company, as well as gives companies more time to respond to these demands. Company directors will also be provided with temporary relief by not being held personally liable if a company is trading whilst insolvent.

These measures are designed to work quickly and efficiently to support business and individuals through a difficult economic climate. The Government should be commended on their approach to this crisis, and provision of a stimulus package that will provide much needed support for SMEs and individuals.



Rami Brass
National Head of Tax

Small and medium-sized enterprises (SMEs)



ENHANCED INSTANT ASSET WRITE OFF

Immediate deduction for **eligible assets**¹ costing less than \$150,000 (excluding GST credits) first used or installed ready for use between 12 March 2020 to 30 June 2020.

The cost threshold applies on a per asset basis, allowing an immediate deduction for multiple assets. This measure applies to both new and second-hand assets.

Backing business investment

Immediate deduction of 50% of the cost of an eligible asset on installation, with existing depreciation rules applying to the balance of the asset's cost.

The asset must be acquired after announcement (12 March 2020) and first used or installed ready for use by 30 June 2021. There is no cost limit.

The measure will not apply where the contract to acquire the asset was entered into prior to 12 March 2020.

Only applies to new assets. Second-hand assets are not eligible.

Warning: Integrity Measures

Integrity measures will apply to deny the immediate deduction of 50% where the taxpayer engages in conduct that results in a contract being entered into post 12 March 2020, the asset being constructed post 12 March or the asset being held in another way post 12 March 2020 for the purposes of accessing the deduction.

¹ It is anticipated that most tangible assets will be eligible for the instant asset write-off and backing business investment deduction, except a small number of exclusions. Among the likely excluded assets are trading stock items, land, non-farming buildings and capital works, horticultural plants, water facilities, fodder storage assets and farm fencing. These items all have their own tax treatment. Certain specified intangibles, including patents, are likely to be eligible assets.

Boosting cash flow for employerst

Providing up to \$100,000 to eligible SMEs, and not-for-profits (including charities) that employ people, with a minimum payment of \$20,000.

(1) Cash Boost Payment (made March to June)

Maximum payment: \$50,000 Minimum payment: \$10,000

Eligible employers will receive a refundable credit of up to \$50,000 (minimum of \$10,000) for the following activity statement periods: March, April, May and June 2020.

The amount of \$50,000 is the maximum credit payment in total over this period and will be applied as a credit to the employers' integrated client account with the Australian Taxation Office (ATO).

The credit is broadly calculated as 100% of the PAYG withholding tax liability amount for the relevant activity statement period (or 300% of the March 2020 PAYG withholding tax liability for monthly lodgers).

(2) Additional Payment (made July to October 2020)

Maximum payment: \$50,000 Minimum payment: \$10,000

Eligible employers will receive additional payments equal to the total of all Cash Boost Payments they have received up to a maximum of \$50,000.

Warning: Integrity Measures

Integrity measures will apply to deny the employer access to the cash boost if the employer or their agent, enters into or carries out a scheme with the sole or dominant purpose of accessing, or increasing entitlement to, the cash boost.

SUPPORTING APPRENTICES AND TRAINEES

Eligible employers can apply for a wage subsidy of 50% of an apprentice or trainee's wages paid during the nine months from 1 January 2020 to 30 September 2020.

The subsidy has a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter). The apprentice or trainee must have been in training with an eligible employer as at 1 March 2020. The subsidy entitlement may pass with an apprentice to a new employer during the above mentioned nine month period.

The subsidy is subject to an eligibility assessment to be undertaken by an Australian Apprenticeship Support Network (AASN) provider.

Coronavirus SME Guarantee Scheme

This Scheme is designed to provide working capital support to SMEs (businesses with turnover of less than \$50 million) to get through the impact of the coronavirus.

Under the Scheme, the Federal government will guarantee 50% of new SME unsecured loans issued by eligible lenders up to the value of \$250,000. This effectively represents a guarantee of \$125,000.

The government will encourage lenders to provide facilities to SMEs that only have to be drawn if needed by the SME, and will remain available into the future, with interest only on the funds that are drawn down.

The Scheme will commence in April 2020 and loans will be made available by participating lenders until 30 September 2020. The loans will be made under a term of three years with an initial six month repayment holiday. No assets will be required as security for these loans.

These conditions apply only to new loans, not refinanced loans.

No fees will be payable on the establishment of the loans.

ATO administrative concessions

Key ATO administrative concessions for businesses impacted by COVID-19 include:

- Deferring by up to four months the payment date of amounts due through the Business Activity Statement (including PAYG Instalments), Income Tax assessments, Fringe Benefits Tax (FBT) assessments and excise.
- Allow businesses on a quarterly reporting cycle to opt into monthly GST reporting in order to get quicker access to GST refunds they may be entitled to. Changing your GST reporting cycle does not mean you have to change your PAYG Withholding reporting cycle. However, once you choose to report and pay GST monthly you must keep reporting monthly for 12 months before you can elect to revert to quarterly reporting.
- 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. Please note that where you lodge a variation that underestimates your PAYG Instalment amount, income or rate interest and penalties may apply where the varied instalments is less than 85% of the total tax payable on your instalment income for the financial year.
- Remitting any interest and penalties, incurred on or after 23 January 2020, that have applied to tax liabilities.
- Working with affected businesses to help them pay their existing and ongoing tax liabilities by allowing them to enter into low interest payment plans.

However, employers will still need to meet their ongoing super guarantee obligations for their employees.



Key business considerations:

Taking decisive and proactive action

COVID-19 is a once in a 100 year event with a sudden and significant impact, prompting a financial crisis in markets and businesses across the world. The global nature of the crisis means that supply chains are disrupted, while revenue in many industries has collapsed. Australian businesses across every sector of the economy are being severely impacted with urgent action required to proactively mitigate operational and financial risks.

Cash flow forecasting

- **Review (and re-review) current trading budgets.** Budgets and forecasts will quickly become out of date in the current environment. Re-forecast regularly taking account of supply chain constraints, revenue impacts, exchange rates and headcount.
- **Prepare an assumptions driven, integrated three-way financial model.** Carefully review and test all assumptions and undertake extensive scenario analysis focused on downside exposures. Integrated models can easily be updated on changing assumptions, making them ideal tools for uncertain times.
- **Model the impact of Federal and State Government assistance** such as the \$6.7 billion to "Boost Cash Flow for Employers" by up to \$100,000 for businesses with a turnover of less than \$50 million. Also consider state based relief such as PAYG and payroll tax concessions.
- **Review cost base:** Understand fixed and variable costs and model scenarios to test flexibility.
- **Employee obligations:** Model staff costs in detail to identify any flexibility in employment costs.
- **Assess forecast cash flow on a daily basis.** Carefully monitor daily cash receipts and payments and re-forecast accordingly.
- **Review facility headroom:** Use the three way financial model to stress test banking covenants and headroom under downsize scenarios.

Working capital

- **Know your working capital cycle.** The working capital requirement for businesses with high seasonal sales is likely to vary significantly from peak to trough.
- **Assess working capital on a weekly, if not daily basis.** Timing of payroll runs and supplier payments can create significant demands on intra day working capital and cash flow during times of liquidity strain.
- **Review your customer base and engage with customers:**
 - Consistently review the profile of your aged debtors and follow up on overdue debts regularly.
 - Understand financial pressure points experienced by customers.
 - Implement payment plans where appropriate to maintain a level of cash flow.
 - Communicate with customers if supply issues are envisaged.
- **Engage with key suppliers.** Identify potential exposures with critical suppliers to understand their ability to maintain supply. Consider re-negotiating supply agreements to remove personal exposure from existing personal guarantees or other security.
- **Identify alternative suppliers.** Identify which of your key suppliers may be exposed and consider scenarios where supply is disrupted. Seek out alternative suppliers but be wary of personal exposure such as personal guarantees or security before signing new supply agreements.
- **Review your loan documents.** Understand key terms, covenants and flexibility in your banking facilities.

Tax planning

- **Tax refunds.** Tax payers expecting tax refunds including R&D refunds should lodge their returns as soon as possible.
- **Lodgement extension.** If you need more time to lodge returns, you need to ask your tax agent to lodge for an extension.
- **Payment plans.** Engage with the ATO to defer any tax payments.
- **SME stimulus measures.** SMEs with annual turnover of less than \$50m (based on prior years) will receive 100% of PAYG withheld on employees wages up to \$50,000 in 2020, and \$50,000 in 2021. The ATO will deliver this payment through the BAS, starting with those due on 28 April 2020.
- **Increasing instant asset write off.** Eligible businesses will be able to immediately deduct the cost of eligible assets costing less than \$150,000 on assets installed before 30 June 2020. Access to this concession is available for businesses with a turnover of less than \$500m. The concession will apply to new and second-hand assets, but not all assets will qualify.
- **Business incentive.** As well as the above, businesses will be allowed accelerated 50% depreciation in addition to existing depreciation. This applies only to new assets acquired after 12 March 2020 and installed before 30 June 2021. This is only available to businesses with an aggregated turnover of less than \$500m.
- **The payment date for payroll tax will be deferred for up to 12 months for businesses with taxable wages of up to \$10 million.**
- **Businesses in affected industries (e.g., hospitality, creative arts and entertainment) will receive a one-off six-month waiver of payroll tax.**

Restructuring and directors liability

- **Creditors.** The Federal Government is temporarily increasing the current minimum threshold for creditors issuing a statutory demand from \$2,000 to \$20,000. This will apply for six months. The statutory timeframe for a company to respond to a statutory demand will be extended temporarily from 21 days to six months. This will apply for six months. The time a debtor has to respond to a bankruptcy notice will be temporarily increased from 21 days to six months.
- **Directors liability.** The Government has announced there will be temporary relief for Directors from any personal liability for trading while insolvent.
- **Temporary changes.** It should be noted these measures are temporary and they will be unwound.

Proactive steps

- **Act early to seek out additional sources of equity and/or debt finance but be wary of personal exposure.** Engage existing major shareholders and alternative external providers of capital but be wary of excessive financing costs and consider the personal exposure implications of providing personal security.
- **Communicate with your debt provider.** Major Australian banks are implementing a range of measures to assist customers including suspension of loan payments and access to additional credit (subject to approval). Early engagement with your bank is vital.
- **Communicate with statutory bodies:** State and Federal statutory authorities are also implementing a range of measures to assist taxpayers that meet certain criteria including payment deferrals, payment plans and activity statement credits.
- **Stay on top of reporting obligations.** It is imperative that businesses maintain reporting obligations to the ATO in relation to GST, superannuation and PAYG. If reporting obligations have been maintained and a director penalty notice is issued, the Director(s) will still have the option of appointing an external administrator to avoid personal liability if their company cannot pay the debt. If reporting obligations have not been maintained, the only option is for the company to pay the debt.
- **Act quickly to access available Government assistance** such as wage subsidies for apprentices and trainees or other state based programs.
- **Act quickly to access tax concessions.** Make sure your business qualifies for the tax concessions and you access these as soon as possible. This may require you to lodge tax returns and BASs before the due dates.

RSM can move quickly to support your business including cash flow modelling, working capital reviews, debt advisory, negotiations and renegotiations, restructuring and assistance to access government and bank relief programs. Our advisers can also guide you on key considerations for tax planning.



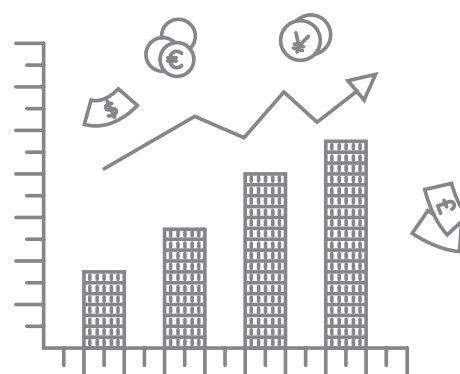
ASIC confirms 2-month extension for AGMs and supports use of technology

Public companies with a December 2019 year-end would usually have until 31 May 2019 to hold their Annual General Meeting (AGM). The restrictions on travel and on large gatherings in place as a result of COVID-19 may make it difficult to meet this requirement, and therefore ASIC have confirmed that they will provide relief from this requirement.

- While ASIC cannot change the requirements of the Corporations Act 2001, it has confirmed that it will adopt a “no action” approach, as long as an AGM is held by 31 July.
- The Corporations Act 2001 is ambiguous about whether “virtual” or “hybrid” meetings, which allow shareholders to attend remotely via online facilities, are permissible. ASIC has confirmed that it supports the use of such technology, and will adopt a similar “no action” position on AGM’s held using such methods, as long as:
 - Entities consider the requirements of their own constitution to determine whether AGMs using this technology are permissible
 - The online facilities should allow all shareholders to participate in the meeting by being able to question the directors and auditors, and to participate in voting

Commenting on ASIC’s position, Ralph Martin, National Technical Director of RSM Australia, said...

“This is a practical and sensible approach to the problems with AGMs caused by COVID-19, and ASIC should be commended for acting quickly to provide relief for affected entities. We understand that ASIC are considering the financial reporting and AGM obligations for public companies with 31 March or 30 June year-ends, and we encourage them to adopt a similarly pragmatic approach for those entities too.”



Restructuring

Temporary relief for financially distressed businesses

The Government has announced measures to extend relevant time periods for the expiration of statutory demands (Companies) and bankruptcy notices (Individuals) from 21 days to six months, as well as provide temporary relief for personal liability for insolvent trading (applicable for six months) which will allow Directors and business owners to focus on managing their businesses through the Coronavirus health crisis and lessen the focus on their own personal exposure.

Most notable changes are:

- A temporary increase in the statutory demand threshold to \$20,000
- An increase in the time to comply with a statutory demand from 21 days to six months
- A temporary increase in the size of the debt required to issue a creditor's petition to \$20,000
- An increase in the time to comply with a bankruptcy notice from 21 days to six months
- The moratorium on action against a debtor following the presentation of a declaration of intent to present a debtor's petition is increased to six months

- A six-month moratorium on Directors' insolvent trading liability, for debts incurred in the ordinary course of business

In addition, the ATO has been instructed to tailor solutions to a business' particular circumstances, including the ability to temporarily reduce payments due and withhold enforcement activities (Company wind ups, Individual bankruptcies and Director Penalty Notices).

A consequence of these measures may be to transfer a level of financial burden onto those parties who provide services/credit to struggling businesses. As such all business owners / Directors should be extremely cognisant of trading terms and consider measures to accelerate customer /debtor recoveries (if possible) and negotiate appropriate extension of terms with supplies.

It is noted that these measures are of a temporary nature and will ultimately be unwound, with the financial consequences to be addressed in due course.



Individuals (including sole traders)



Income relief – Coronavirus supplement

The Government will make a special Coronavirus supplement payment of \$550 per fortnight for the next six months to eligible income support recipients. Individuals will be eligible for the supplement payment if they are currently receiving (or become eligible for) income support

The supplement will commence from 27 April 2020 and to be deemed eligible an individual would be currently receiving income support such as:

- JobSeeker Payment
- Youth Allowance for job seekers
- Parenting Payment
- Farm Household Allowance
- Special Benefit

This is in addition to any other benefits being received, so it will be an additional \$550 on top of the normal benefits.

Individuals not currently receiving a payment will need to register and claim online through myGov using a Centrelink online account or call Centrelink on 132 850.

Once registered for the JobSeeker Payment individuals who meet the eligibility criteria automatically become eligible for the Coronavirus supplement.

The Government has expanded access to the JobSeeker Payment and made it easier to become eligible, including removing wait times and asset testing requirements.

Early release of superannuation

Individuals may be able to access up to \$20,000 of their superannuation in the event of hardship.

This is in the form of two separate payments of up to \$10,000 and between 1 July 2020 and 30 September 2020.

To be eligible individuals need to be:

- Unemployed; or
- Eligible to receive JobSeeker payment, youth allowance for job seekers, parenting payment, special benefit or farm household allowance; or
- On or after 1 January 2020:
 - Have been made redundant; or
 - Working hours have been reduced by 20% or more; or
 - As sole trader your business has been suspended or there is a reduction in turnover of 20% or more

Applications for early access to your superannuation benefits will be undertaken via myGov and are expected to be available from mid April. It is vital that no money is taken until the application has been approved by the ATO, to avoid possible compliance issues.

The withdrawal of \$10,000 of superannuation benefits will not be taxable on withdrawal and will not affect any other government payments such as pensions.

The ability to partially access superannuation benefits will allow individuals in hardship to access some cash for basic living needs. Accessing superannuation benefits should be carefully considered in line with your retirement needs and goals and to ensure items such as life insurance attached to the superannuation benefits are not adversely impacted.

Targeted stimulus payment

The Government will provide economic support payments in two tranches to eligible recipients of the following:

- Social security and Veteran's income support and compensation
- Farm Household Allowance
- Family Tax Benefits

Pension Concession Card, Commonwealth Seniors Health Card and Commonwealth Gold Card holders will also be eligible to receive the payment.

Eligibility for the first payment applies for claims for any of the above lodged between 12 March and 13 April 2020.

The second payment will be based on eligibility as at 10 July 2020. Note that anyone receiving the Coronavirus Supplement will not receive the second payment.

The payments will be exempt from tax and will not count as income for Social Security, Farm Household Allowance and Veteran payments.

Pensioners

Deeming rates will be reduced and may increase pensions. From the start of May the lower deeming rate will be 0.25% and upper deeming rate 2.25%.

Minimum pension withdrawals

Minimum account-based pension withdrawals will be reduced by 50% for the 2020 and 2021 financial years. A similar measure was introduced during the global financial crisis.

The measure is aimed at reducing the need for retirees to be forced to sell down investments to meet minimum withdrawal requirements.

The revised drawdown rates will be as follows:

Age	Standard Rate	Reduced Rate 2020 & 2021
Under 65	4%	2%
65 – 74	5%	2.5%
75 – 79	6%	3%
80–84	7%	3.5%
85–89	9%	4.5%
90–94	11%	5.5%
95 or older	14%	7%

Example

Jenny is a 67 year old retiree who, has an account-based pension valued at \$500,000 on 1 July 2019. Under the standard drawdown Jenny's minimum drawdown requirement is \$25,000 per annum. Based on the reduced drawdown requirements, Jenny is only required to withdraw \$12,500 to meet the minimum pension requirements.

Retirees should consider this announcement in line with their needs and consult their financial advisers in relation to how this may impact their superannuation withdrawal.

ATO administrative concessions for individuals

The ATO have announced that they will work with individuals experiencing financial hardship, and their tax agents, and will apply appropriate tax relief measures for serious and exceptional circumstances, such as where people cannot pay for food or accommodation.

Individuals impacted by COVID-19 are advised to contact the ATO to request assistance on the ATO Emergency Support Infoline on 1800 806 218 to discuss their situation.

We recommend that any clients impacted by the COVID-19 outbreak contact their RSM advisor to negotiate relief options with the ATO.

Impact on agribusiness

The Coronavirus pandemic has arrived in Australia at a time when farmer sentiment is still on the rise, following some widespread rainfalls and a touch of green appearing across parts of the country.

The agribusiness sector is not however immune from the impact of Coronavirus. Limited access to foreign workers will impact heavily during picking season as will the ripple effect of the cancellation of entertainment shows and other events across rural and regional centres.

The Government's economic response to Coronavirus contained no measures specific to the agribusiness sector, though the farming sector will benefit along with the rest of the business community from the:

- cash flow boost to employers
- apprenticeship and trainee subsidy
- accelerated tax deduction for depreciating asset purchases
- credit access measures

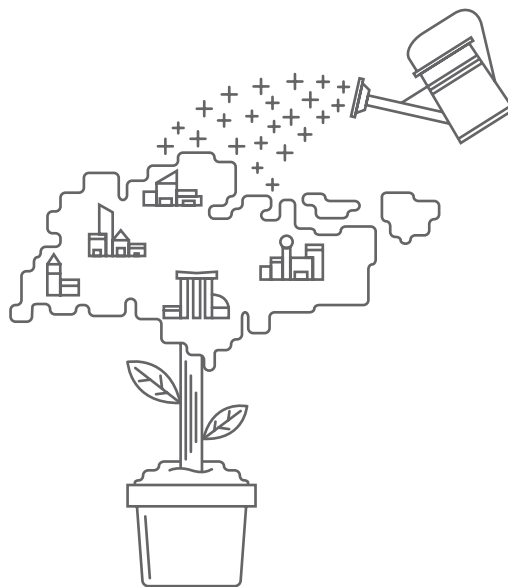
Governments around the world have shown their commitment to the health and safety of the general population at great economic cost. Food security is likely to have a similar place in Government priorities, meaning there is some optimism on the long-term outlook for Australian agriculture demand.

Cash flow injection and automation stimulus

This brings us to some key observations of how we see the stimulus packages playing out in the agribusiness sector.

- Suppliers to the agribusiness sector and those farmers who have struggled with the cash drain of many years in drought will be willing recipients of the temporary cash boost over the coming two financial quarters.
- The increased thresholds for accelerated tax deductions will finally look appealing to farmers, as historically the cost of farming machinery has far exceeded the instant-asset write off thresholds.

Staff shortages are continuing to advance the case for automation in the agribusiness sector and the tax incentives now on offer, along with some higher farmer sentiment, may lead many farms to consider whether now is the time to invest further into automation. That would be welcome news to many suppliers to the agribusiness sector.



OVERVIEW OF STATE AND TERRITORY GOVERNMENT ANNOUNCEMENTS

State	Payroll tax	Indicative timeframe
Northern Territory	<ul style="list-style-type: none"> The existing temporary exemption for hiring a Territory resident, which was due to expire this financial year, will be extended to 30 June 2021. 	Not applicable as no land tax is payable in the Northern Territory.
Australian Capital Territory	<ul style="list-style-type: none"> For businesses with group Australian taxable wages of up to \$10 million, the payment date for any 2020–21 payroll tax liabilities will be deferred to 1 July 2021. Businesses will still need to lodge their 2020–21 returns as normal but not make the associated payment until the deferred date. Businesses in affected industries (e.g., hospitality, creative arts and entertainment) will receive a one-off six-month waiver of payroll tax. Businesses who are applying for either measure will need to complete an online application form to confirm their eligibility. 	No specific measures announced, though the ACT Revenue Office can offer alternative payment arrangements upon request.
New South Wales	<ul style="list-style-type: none"> Payroll tax for the rest of the 2019–20 financial year will be waived for businesses with group Australian taxable wages of up to \$10 million. These businesses will still have to lodge their annual return, with no payroll tax payment required for the months of March, April or May 2020. The increase in the payroll tax threshold to \$1 million has been brought forward. Therefore, instead of commencing from 1 July 2021, the payroll tax threshold for all businesses will be \$1 million as of 1 July 2020. 	No specific measures announced, though Revenue NSW offers both instalment plans and payment plans upon request.
Queensland	<ul style="list-style-type: none"> Businesses who pay \$6.5 million or less in group Australian taxable wages will be eligible for: <ul style="list-style-type: none"> a refund of their Queensland payroll tax for two months a waiver of payroll tax for the next three months a deferral of the payment of the payroll tax for the remainder of the 2020 calendar year until 14 January 2021 Businesses with group Australian taxable wages in excess of \$6.5 million who are "directly or indirectly affected" by COVID-19 can apply for: <ul style="list-style-type: none"> a refund of their Queensland payroll tax for two months a deferral of the payment of the payroll tax for the remainder of the 2020 calendar year until 14 January 2021 There are two separate applications form that must be completed to access these concessions, with the application for the refund and waiver measures closing on 31 May 2020. A "business is directly or indirectly affected" by coronavirus if their current turnover, profit, customers, bookings, retail sales, supply contracts or other factors are negatively affected compared with normal operating conditions. 	No specific measures announced, though the Queensland Office of State Revenue offers an instalment plan.
Tasmania	<ul style="list-style-type: none"> Employers in the hospitality, tourism and seafood industries will not be required to lodge payroll tax returns for March, April and May 2020. The Tasmanian State Revenue Office will still require the 2019–20 annual return to be lodged by 21 July 2020, but the State Government will waive payroll tax for the relevant wages for the months of March, April, May and June 2020. Employers with group Australian taxable wages of up to \$5 million will be eligible to apply for a rebate of their payroll tax for the months of March, April and May 2020 if they have been impacted by COVID-19. At this stage, there are no guidelines issued by the Tasmanian State Revenue Office to assist in determining whether a business operates in the hospitality, tourism and seafood industries or how a business evidences it has been impacted by COVID-19. From 1 April 2020, for employers who pay payroll tax and employ new youth employees under the age of 25, there is a one-year rebate of the payroll tax on the wages paid to these employees. 	No specific measures announced.
Victoria	<ul style="list-style-type: none"> For businesses with Victorian taxable wages of \$3 million or less, a full refund of any payroll tax paid or payable for the 2019–20 financial year will be available. The State Revenue Office has clarified that the \$3 million threshold applies to each employer and not on a payroll tax group basis. The same businesses will be able to defer any payroll tax for the first three months of the 2020–21 financial year 	<ul style="list-style-type: none"> Land owners that have at least one taxable non-residential property and total taxable landholdings below \$1 million can apply for a deferral of their land tax payment. The payment can be deferred until after 1 January 2021 but will need to be paid in full by 31 March 2021. Non-residential property includes: <ul style="list-style-type: none"> Commercial property Industrial property Vacant land (excluding residential vacant land) The Victorian State Revenue Office will directly contact eligible land owners
Western Australia	<ul style="list-style-type: none"> Payroll tax-paying businesses with group Australian taxable wages between \$1 million and \$4 million will receive an automatic one-off grant of \$17,500. The increase in the payroll tax threshold has been brought forward. Therefore, instead of commencing from 1 January 2021, the payroll tax threshold for all businesses will be \$1 million as of 1 July 2020. Businesses with group Australian taxable wages of up to \$7.5 million affected by COVID-19 will, on successful application, also be able to defer payment of their March, April and May payroll tax until 21 July 2020. 	No specific measures announced, though the Western Australian Office of State Revenue offers alternative payment arrangements upon request.

Crisis management checklist

Without a doubt, these are uncertain times.

The news cycle has been saturated with reports on the COVID-19 virus and its impact around the world.

What has risen to the surface over the past week is the deep and unprecedented economic impact. This has happened very fast, and the need to move to shore up your business needs a rapid response.

Your employees and other stakeholders will be wanting to hear from you on what steps you are taking now to address the new economic reality. And the sooner they hear the more engaged they will be in your crisis management strategy, and the better your chances of coming out the other side with the capacity to kickstart operations again.

What steps can you take?

Firstly, there are various measures that have been announced by the Federal and State governments and the banking sector. These are the 'easy' wins for you to get the facts on and secure the immediate tax breaks and assistance measures coming your way.

Secondly, there are a number of critical areas you can review across the business to minimise downside risks and stem financial haemorrhaging. By involving your management team, it becomes a team effort and can have a positive impact on engagement which will hopefully flow through to your customers too.

As business owners, you will need to plan and put in place strategies through the next three to six months and hopefully be able to take advantage of an eventual economic bounce back. Attached is a list of the key areas for review in your business.

This checklist should be read in conjunction with our separate updates on government stimulus measures.

Once you have reviewed, please contact us to discuss the areas your business can take advantage of.

STAKEHOLDER COMMUNICATIONS

BUSINESS AREA	MATTERS TO CONSIDER
Leadership	It is important to reflect on your role as one of, or the, leader in your organisation. Your employees will look to you for guidance and assurance. Moving forward with confidence in what you are doing will assist in this. It is important for you to plan for the next three to six months and execute that plan. Regular and relevant communications to all your stakeholders are very important.

FINANCE

BUSINESS AREA	MATTERS TO CONSIDER
Scenario Modelling	<p>In order to identify the optimum strategies to manage downside risk, it will be necessary to model alternate scenarios. These may include, for example:</p> <ul style="list-style-type: none"> • Continue business as usual • Partial closedown • Closing uneconomic operations • Reduced segmented activity levels • Cost reduction strategies • "Mothballing" operations <p>Scenario Modelling is the first step in understanding your options.</p>
Working Capital and Liquidity	<p>Review current cashflow and determine if more capital is needed. Will this come from existing bank facilities, new facilities, new equity contributions?</p> <ul style="list-style-type: none"> • Prioritise expenditure ("essential" expenditure above other categories, viz continuing employees) • Review of debtors outstanding • Review of stock holdings • Review creditor payment terms • Review of sales pipeline and customer "stickiness" and vulnerability <p>Cashflow forecasting and scenario planning will be essential tools.</p>
Financier Communications	<p>What facilities do you have now? When are they due for review? Are they adequate? Can principal and interest commitments be converted to interest only? Apply for government guaranteed liquidity support via banks.</p> <ul style="list-style-type: none"> • Prepare a presentation for your banker • Don't just call and ask • Communicate a plan and with purpose <p>Building a 3-way forecast, incorporating profit and loss, balance sheet and cashflow, will give the bank confidence in the request you are making.</p>

Debtor Management	<p>Rank your customers by importance – by annual sale value? Review your current debtors outstanding Should you review your trading terms? Do your customers have a direct account manager who can provide detail on how the customer is travelling and what payment arrangements are in place or need to be put in place?</p> <ul style="list-style-type: none"> • Ensure all customers are allocated to a direct account manager (AM) • Have the AM chase old debtors immediately and insist on firm payment arrangements where appropriate • Consider debtor insurance <p>Putting proper and firm procedures in place around these areas is key.</p>
Costs Review	<p>Consider fixed and variable overheads in light of the outcome of the steps taken above Move swiftly on eliminating unnecessary costs Review staff levels to see where positions can be merged & rationalised Be aware of redundancy costs and legal issues relating to staff lay-offs. Can suppliers provide better pricing?</p> <ul style="list-style-type: none"> • Review the P&L from top to bottom • Review supplier agreements and consider tenders • Get legal advice on staff lay-offs and redundancies <i>before</i> taking any steps in this area • Consider if your cashflow is negatively impacted by large redundancy payments. • Consider that you may need the staff on hand when the economy recovers <p>Ensure you review your business operations closely to see what efficiencies and cost savings can be made. Get legal advice before taking action on staff.</p>
Solvency Considerations	<p>Be realistic in your review. If the way forward indicates trouble ahead then you need to understand your options in advance.</p> <p>Be well aware of possible personal liability for insolvent trading and for non-payment of government taxes and monies held for employees (note moratorium arrangements announced).</p> <ul style="list-style-type: none"> • Obtain advice on Safe Harbour provisions and know when you need to act • Ensure you have realistic forecasts in place to ensure you can see difficulties coming and are not surprised <p>Getting the right advice at the right time in this area is critical.</p>



OPERATIONS

BUSINESS AREA	MATTERS TO CONSIDER
Supply Chain Management	Review your supply chain. Can you close any gaps to manufacturer and providers in your supply chain? Unnecessary links in the supply chain will add further risk and increase the chance of business disruption as you have external parties which you need to rely on.
Rent Renegotiation	Reach out to your landlord and discuss your rental/leasing arrangements. We are receiving feedback that many landlords are actively negotiating rent holidays/breaks and other arrangements to assist business owners over the next four to six months.
Product Availability	Different sectors are affected in different ways. We are seeing an increase in activity in certain industries whilst others are diminishing (i.e. food supply vs hospitality). Regardless of how you are affected, you will most likely face a shortage of inventory and raw materials which is core to your business. We encourage you to review your needs and where possible ensure a pipeline of these materials.

STRUCTURE

BUSINESS AREA	MATTERS TO CONSIDER
Group Structure	Now is a time to review your operating structure. How a business is structured can directly play a role in the level of business risk it carries. Ensuring that your structure is optimised for future business should be a top priority

RESPONSE PLAN

BUSINESS AREA	MATTERS TO CONSIDER
Staff Retention	Your staff are one of your biggest assets, however there may come a time where you will need to make the hard decision on redundancies. Have in place a plan which will allow you to move fast when you need to.
Employee Obligation	Consult with a HR specialist on the obligations which you have towards your employees and their rights.
Bounce back	There will be a time when conditions will improve and business will pick up. It is important that you do not lose sight of this opportunity. Scaling back operations is necessary when business is vulnerable, however, this scale back should be done in a measured way which will not ideally restrict your ability to return to full capacity once conditions have improved.
Working from home	Does the company have the IT facilities in place to remain connected with employees? This may require a review of IT data security measures, OH&S policies and the physical availability and supply of the necessary IT equipment required to do this effectively. It will also require consideration of how you plan to keep in touch through technology and applications. Consider having your systems and data security reviewed and seek professional help in selecting the right technology and in reviewing your data security.



Need help NOW in reviewing your business situation?

Contact your local RSM Business Advisory partner to assist you in reviewing these issues for your business.

Timeline of stimulus packages

Key business dates

12 MARCH 2020



IAWO

Business entities with aggregate turnover <\$500m, access to an instant asset write-off (IAWO) for eligible assets costing less than \$150,000 (excluding GST credits) first used or installed between 12 March 2020 to 30 June 2020.

Backing business investment

Businesses with aggregate turnover <\$500m, access immediate deduction of 50% of the cost of eligible new assets on installation, with existing depreciation rules applying to the balance of the asset's cost. The asset must be first held and used/ installed between 12 March 2020 and 30 June 2021. There is no cost limit.

EARLY APRIL 2020



Supporting apprentices & trainees

Eligible employers can register for the subsidy of 50% of the apprentices and trainees wages for the nine months from 1 January 2020 to 30 September 2020.

Applications for SME loans open

SME guarantee scheme to provide support for businesses that need to borrow for working capital requirements. The Government will guarantee 50% of unsecured, interest free loans up to \$250,000, no repayments required for the first six months.

28 APRIL 2020

28 JULY 2020

Boosting cash flow (1st phase)

Upon lodging March activity statement, eligible employers will commence to receive a refundable credit calculated with reference to PAYG withholding up to a limit of \$50,000 (minimum benefit of \$10,000).

Boosting cash flow (2nd phase)

Upon lodging June activity statement, eligible employers will receive a refundable credit calculated with reference to PAYG withholding up to a limit of \$50,000 (minimum benefit of \$10,000).

Key individual dates

Date	Area	Assistance
23 March 2020	Superannuation	Minimum pension payments on account-based pensions temporarily reduced by 50% for the 2019–20 and 2020–21 financial years.
31 March 2020	Cash in pocket	First round of \$750 payments to support eligible households.
Mid April 2020	Superannuation	Those suffering financial hardship as a result of COVID-19 may access up to \$10,000 (tax free) from their superannuation balances. There will be one permitted release before 30 June 2020 and a further permitted release in the following few months (giving a total cap of \$20,000).
27 April 2020	Income support	Income support and Coronavirus \$500 per fortnight supplement for eligible persons.
1 May 2020	Income support	Reduction in social security deeming rates
13 July 2020	Cash in pocket	Second round of \$750 payment to support eligible households

IF YOU HAVE ANY QUERIES ON HOW THESE MEASURES WILL IMPACT YOU OR YOUR BUSINESS, PLEASE CONTACT YOUR LOCAL RSM OFFICE OR ADVISER.

Updates will be provided as more announcements are made.
To read more about coronavirus, visit our advisory centre at:

www.rsm.com.au/coronavirus

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