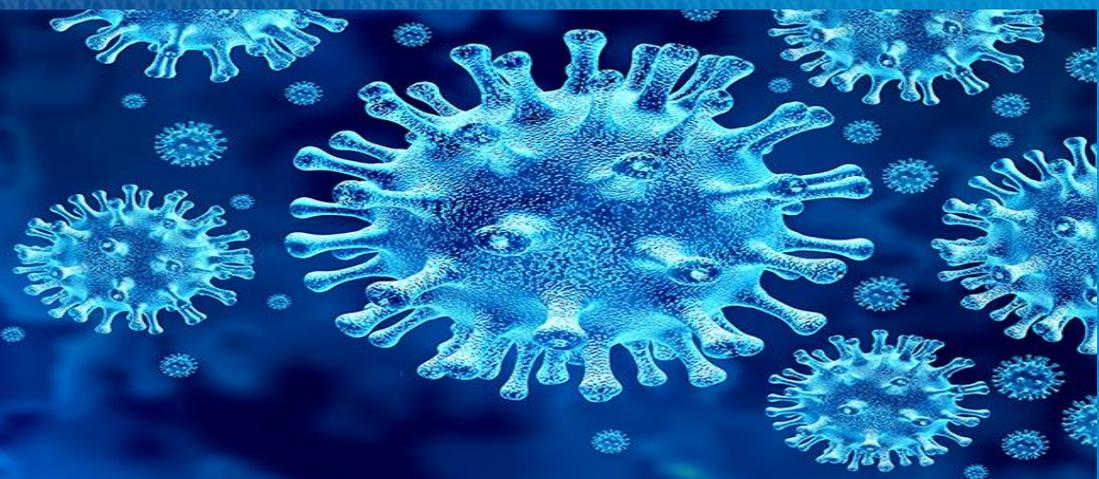




Trinity Accountants
Your partner in business

SURVIVING THROUGH COVID-19 BUSINESS GUIDE & 7 POINT CHECKLIST

Last updated with current Government announcements 14 April 2020



Letter from the Owner

Hi there,

Most businesses have been significantly impacted by the current Covid-19 pandemic, and for many the extensive information being released by the Government is overwhelming, leaving many owners not sure what to do.

It is critical you have a strong understanding of how your business is performing both before and during the current crisis. This will allow you to make informed actions to ensure your business is in the best position to survive and just as importantly, strongly recover.

Below is a checklist for the seven (7) essential actions you should undertake for your business to do this.

Remember, we are here for you. If you have any questions, please do not hesitate to call our offices. Please do use our resource support on our website and our Facebook page.

I look forward to speaking soon.

Regards

Rod

Rod Sherrington

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Your 7 Point Business Action Checklist

Have you completed?	Action
1. Check your eligibility for Government assistance. Talk to Trinity Accountants for clarity	<input type="checkbox"/>
2. Review all current debts (business and personal) and negotiate with banks and other financiers to stop repayments where applicable	<input type="checkbox"/>
3. Communicate with your Staff regularly	<input type="checkbox"/>
4. Convert debtors to cash and look after other small business owners	<input type="checkbox"/>
5. Seek advice on deferring tax payments (BAS, Income and Super etc.)	<input type="checkbox"/>
6. Negotiate with your commercial landlord – mandatory code gives a way forward for Minimum concessions	<input type="checkbox"/>
7. After all this is done, act like a CFO, prepare interims, a monthly cashflow FORECAST and update every month.	<input type="checkbox"/>

Your Business Guide Explained

1. Check your eligibility for Government assistance

The Australian Government has announced several stimulus packages, we have listed the most critical for small business below. **Click on the links for details and call us for clarity on eligibility.**

Federal Government Assistance

- [JobKeeper payment](#) – You need to register for this
 - [JobKeeper Payment: Support for Businesses](#)
 - [JobKeeper Payment - Overview](#)
- [Boosting cash flow for employers](#) - This is automatically done with your BAS Lodgement
- [Supporting apprentices and trainees](#) - You need to register for this
- [Temporary relief for financially distressed businesses](#) - 6 month safety net against insolvency actions

State Government Assistance

- Up to \$250,000 [COVID-19 Jobs Support Loans](#). **NOW CLOSED TO NEW APPLICATIONS**
- \$500 rebate on electricity bill. The rebate is automatically applied on business electricity bills

See Appendix for detail on the JobKeeper Wage Subsidy and the Queensland Government Jobs Support Loans – the two schemes your business should be doing right now!

2. Review all current debts (business and personal) and negotiate with banks and other financiers to stop repayments where applicable

All major banks and most other lenders have agreed to a 6-month payment freeze on business and home loans. [Read More here](#). However less than half of impacted eligible borrowers have contacted them. On the downside please note that the interest continues to accrue and be capitalised during the deferral period so that in 6 months the loan balance will be larger. Ring your contact at the bank and/or email (google your bank and financial hardship) to discuss if this option is suitable in your circumstances for cash preservation in the short to medium term.

If you have chattel mortgages on equipment used in your business, we suggest you contact your financier to discuss options that reflect your current trading position.

3. Communicate with your Staff regularly

It's important to communicate with your staff about what is happening with your business and clients. All staff are concerned about the future and people can make irrational choices when in this position. Be as calm and clear in what you are telling them as possible.

Remember while all good leaders are realists, great leaders are also optimists inspiring their teams to continue to work for a common goal and innovate. We have found a daily morning meeting with staff to discuss current developments has strengthened our culture of caring and generated strong ideas regarding new opportunities for ongoing trading.

Familiarise yourself with your **obligations as an employer**. Information is available through [Fair Work](#) relating specifically to the Coronavirus. This information also covers issues such as when you might be able to stand down employees, redundancy information, changing work hours and pay rates.

Talk to an expert in HR before you make major decisions, even a 10-minute sanity check may save you unmeasurable future headaches.

4. Convert debtors to cash and look after other small business owners

Follow up all your debtors to try and get any overdue payments in. You may need to consider negotiating, based on what they are able to pay in the current circumstances. Also communicate with your creditors to see what payments you may be able to defer. Ask for upfront payments (where possible) or a deposit for any new work. Keep your customers updated about your services, for example if your business is [affected by restrictions](#), ensure you communicate as early as possible what this means for them.

Small businesses need to stick together, every bill you don't pay to another small business owner may be the moment they go bust.

5. Seek advice on deferring tax payments (BAS, Income, Super)

The Australian Taxation Office (ATO) can grant you a deferral of certain tax obligations if your business is impacted by COVID-19. ATO assistance is not automatic, you will need to contact them either directly or through your accountant. Please be aware that this is not a reduction in the debt but a *delay of the payment*.

The announced ATO payment deferral concessions for affected businesses are:

- a. Deferring by up to 4 months the payment date of amounts due through the business activity statement (including PAYG instalments), income tax assessments and fringe benefits tax assessments.
- b. 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 – talk to your accountant first.
- c. Remitting any interest and penalties, incurred on or after 23/01/20, that have been applied to tax liabilities.
- d. Low-interest payment plans for their existing and ongoing tax liabilities.
- e. 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.

With regards to **employee superannuation** we understand that some employers will struggle to pay due to their cashflow drying up. Depending on how you are set up with the ATO lodging the forms may trigger an immediate direct debit. Talk to the ATO before lodging the super paperwork (on time) and arrange to go on a payment plan.

6. Negotiate with your commercial landlord – mandatory code gives a way forward for Minimum concessions

The Government has now (07/04/2020) released details on the **proposed** lease and mediation tenancy code for commercial tenants and landlords, once legislated it will be managed by the State Governments and be binding. The code is designed to preserve commercial leases already in place, but give a formulaic recognition of the Covid-19 impacts using the principles of good-faith leasing principles and sharing the pain.

Effectively, landlords will have to reduce leases in proportion to the reduction in the tenant's business income, no less than half of the reduction has to be a rent free waiver (never to be reclaimed) and the other portion of the reduction can be deferred rent to be claimed over a minimum of 24 months. The portion to be rent free (minimum 50%) should constitute a greater proportion of the total reduction in rent payable in cases where failure to do so would compromise the tenant's capacity to fulfil their ongoing obligations under the lease agreement i.e. rent free portion greater than 50%. Regard must also be had to the landlord's financial ability to provide such additional waivers

Landlords can offer better terms to their tenants if so inclined, and many are, but this code outlines the minimum concessions they will have to offer if they don't want to forfeit their legal rights over the lease and possibly have the tenant break the lease penalty free. Recalcitrant property owners also risk missing out on concessions offered by State Governments, local councils and banks. The code supports the Federal Government's business hibernation strategy.

Which tenants and landlords are covered?

- The code will apply to tenants with a turnover of \$50m or less and have experienced at least a 30% loss in revenue.
- Tenancies where the landlord or tenant are participating or will participate in the JobKeeper program.

How does it work?

- The code will operate during the pandemic period, as defined by the period during which the JobKeeper programme is operational.
- The rent relief should be proportionate to the reduction in turnover and should comprise unrecoverable waivers (at least 50% of the reduction) and deferrals.
- The deferrals can only be recouped over a minimum of 24 months, no matter how much time is left on the lease, even if 12 months only left on the original lease the tenant gets 24 months to catch up the deferrals component – even if they move out!
- Landlords cannot terminate a lease on the basis of non-payment of rent, nor draw upon a tenants security during this period.
- Rent increases will be frozen, landlords will not be able to enforce penalties on tenants who stop trading or reduce opening hours.
- Landlords will not be able to charge interest on unpaid rent and legislative and administrative hurdles to lease extensions will be removed.

As always the devil will be in the detail once the legislation is passed, BUT this gives commercial tenancy landlords and tenants a way to start negotiating ASAP.

Residential rent relief will be considered and implemented by each State and Territory and not by the Federal Government. State legislation is coming to protect both residential and commercial from evictions for 6 months no matter what. Also the Queensland Government has announced a COVID-19 Rental Grant, but only for people who have lost their job and are on Centrelink (not JobKeeper). [Read More here.](#)

As always in this crisis, communication and understanding is key. Each landlord and tenant will have a different situation so you will need to talk to get a fair result for both of you. You can read the [full Code of Conduct here.](#)

7. Know your current financial position like a CFO, do interims, prepare a monthly cashflow FORECAST and update every month

It's essential to make **informed proactive decisions** about your business based on your **current and forecasted future financial position**. Your ability to trade through the crisis, pay outstanding debts, keep employees or meet existing leasing or loan repayments will be determined by this.

Your available cashflow is a result of your trading performance before the crisis, during it and recovery. If your business was trading poorly before the crisis impacted you, then if you survive you need to know what can be done to give yourself the best chance of improving your profitability in the future.

COVID-19 brings a lot of uncertainty, particularly surrounding Cash Flow. By preparing and reviewing your 2020 March YTD interims we can reasonably forecast your end of year financial performance to ensure you are accessing all the COVID-19 government concessions available to you and ensure you pay the lowest tax bill legally possible.

The knowledge you gain from doing interims will help your business make it through these uncertain times so you can go back to operating as you were (pre-crisis) – or even better due to your deeper understanding of your business's key drivers. Trinity Accountants looks after hundreds of small businesses and have access to Australia wide databases with key metrics of operational performance for hundreds of thousands of businesses. We act as a virtual CFO for many of our clients and from that experience we know what best practice business owners are doing. The sooner these changes are made the sooner you will improve your business profitability when the recovery starts.

To act like a CFO, you will need to prepare a live cashflow forecast with your accountant following the steps below:

- a. Prepare interims for last 9 months of trading to see how the business was pre-crisis.
- b. Review last 12 months of trading (by month) to work out your average monthly revenue, profit and cash flow.
- c. Factor revenue to fall between 50 - 90%, or more, depending on your industry.
- d. Factor in the recent government incentives for employers (PAYGW refunds and various wage subsidies).
- e. Go through every expense line and trim where possible or defer.

Update this forecast monthly to know your financial position allowing you to plan your ongoing business responses as the crisis evolves and the recovery comes.

Appendix

1.1 JobKeeper Wage Subsidy

On 8 April 2020, the Federal Government passed a package of Bills through both Houses of Parliament (which received Royal Assent on 9 April 2020) to give effect to (amongst other things) the **JobKeeper Scheme**.

The ATO has now released practical details on JobKeeper, in particular how to apply for it and how the payment will work. Following is a broad summary of the key aspects of the JobKeeper Payment, based on information currently available.

JobKeeper Overview Recap

The JobKeeper Payment is a **wage subsidy** that will be administered by the ATO to eligible businesses impacted by the Coronavirus (broadly a revenue fall of at least 30%). Under the scheme, eligible businesses will receive a fixed reimbursement of **\$1,500 per fortnight per eligible employee** and/or for **one eligible business participant** (i.e., an eligible sole trader, partner, company director or shareholder or trust beneficiary).

The subsidy will be paid for a maximum period of **six months (i.e., from 30 March 2020 up until 27 September 2020)**. It will be paid to eligible businesses monthly in arrears, into their **nominated bank account** with the first payments to employers commencing from the **first week of May 2020**. The JobKeeper Payment will ensure that eligible **employees (and, where applicable, eligible business participants) receive a minimum gross payment (i.e., before tax) of \$1,500 per fortnight** for the duration of the scheme.

All JobKeeper payments are assessable income of the business that is eligible to receive the payments. The JobKeeper payment is not subject to GST.

8 Steps on how to enrol for the JobKeeper payment (from 20 April onwards)

You must **register** by **30 April** to claim JobKeeper payments for April.

- **Step 1** - Register your interest and subscribe for JobKeeper payment updates.
- **Step 2** - Check you and your employees meet the eligibility requirements.
- **Step 3** - Continue to pay at least \$1,500 to each eligible employee per JobKeeper fortnight (the first JobKeeper fortnight is the period from 30 March to 12 April).

- **Step 4** - Notify your eligible employees that you are intending to claim the JobKeeper payment on their behalf and check they aren't claiming JobKeeper payment elsewhere.
- **Step 5** - Send the JobKeeper employee nomination notice to your nominated employees to complete and return to you by the end of April if you plan to claim JobKeeper payment for April. Keep it on file.
- **Step 6** - From 20 April 2020, you can enrol with the ATO for the JobKeeper payment using the Business Portal and authenticate with myGovID. Or have your accountant do it for you.
- **Step 7** - In the online form, provide your bank details and indicate if you are claiming an entitlement based on business participation, for example if you are a sole trader.
- **Step 8** - Specify the **estimated** number of employees who will be eligible for the first JobKeeper fortnight (30 March – 12 April) and the second JobKeeper fortnight (13 April – 26 April).

8 Steps for getting paid the JobKeeper Payment (available from 4 May 2020 onwards)

You or a registered tax agent can apply for the JobKeeper payment for your eligible employees:

- **Step 1** - Apply to claim the JobKeeper payment by logging in to the ATO Business Portal
- **Step 2** - Ensure you have paid each eligible employee a minimum of \$1,500 per JobKeeper fortnight before tax.
- **Step 3** - Identify your eligible employees in the application form by either:
 - selecting employee details that are prefilled from your STP pay reports if you report payroll information through an STP enabled payroll solution, or
 - manually entering employee details in ATO online services or the Business Portal if you do not use an STP enabled payroll solution, or
 - using your accountant who will submit a report on your behalf through Online services for tax agents.
- **Step 4** - Submit the confirmation of your eligible employees online and wait for your confirmation email or SMS showing it has been received.
- **Step 5** - Notify your eligible employees you have nominated them.
- **Step 6** - The ATO will pay you the JobKeeper payment for all eligible employees after receiving your application.

- **Step 7** - Each month, you will need to reconfirm that your reported eligible employees have not changed through ATO online services, the Business Portal or via your accountant. This will ensure you will continue to receive the JobKeeper payments. You do not need to retest your reported fall in turnover, but you will need to provide some information as to your current and projected turnover. This will be done in your monthly JobKeeper Declaration report.
- **Step 8** - If your eligible employees change or leave your employment, you will need to notify the ATO through your monthly JobKeeper Declaration report.

The Commissioner must pay the JobKeeper payment no later than the later of:

- (a) 14 days after the end of the calendar month in which the fortnight ends; and
- (b) 14 days after the business has submitted the approved forms.

This means you will need rolling monthly bank funding!

Eligible Employers Recap

If your business (which has been active on 01 March 2020) has been or you think will be affected by the coronavirus (i.e. showing a 30% fall in turnover), you may be eligible to access the JobKeeper payment.

Employers can choose to participate in the scheme and then nominate the employees they are entitled to claim for. An employer can choose not to participate in the JobKeeper payment.

You will be able to **enrol** in the JobKeeper scheme from **20 April 2020** using an online form on the ATO website. After you enrol, you will later identify your specific eligible employees and submit the information to the ATO.

When can a business claim the JobKeeper Payment for a business participant?

The JobKeeper Scheme also recognises that certain participants in a business (such as a sole trader) have also been affected by the economic downturn caused by the Coronavirus.

Accordingly, in order to provide a benefit to such business participants, payments can also be made to an entity in respect of what is referred to as an **eligible business participant** (i.e., generally controlling individuals who are not employees of their business).

A 'business participant' is an individual who is **actively engaged** in the business carried on by the entity (i.e., in the operations and activities of the entity) and is either:

- a sole trader;
- an individual partner of a partnership;
- a director or individual shareholder of a company; or
- an adult beneficiary of a trust.

Importantly, however, while a business may have more than one business participant, it can only nominate **one** of these individuals (who becomes the 'eligible business participant') in respect of whom it can receive a JobKeeper Payment. Obviously, no nomination is needed where the individual is a sole trader. But if you are being genuinely being paid a wage by your business (as a employee of a trust or company) then you fall under the normal employee eligibility rules. Remember sole traders and partnerships cannot pay wages to owners.

Further, a JobKeeper Payment can only be claimed by an eligible business in respect of the nominated eligible business participant where **all of the relevant conditions are satisfied**, some of which include:

- (a) The business meets the decline in turnover test

- (b) The business had an **ABN on or before 12 March 2020** (or such later time that the Commissioner allows) and either the business entity:
 - had an amount included in its assessable income for the 2019 income year and it was included in their income tax return lodged on or before 12 March 2020 (or such later time as allowed by the Commissioner); or
 - made a supply during the period **1 July 2018 to 12 March 2020 and provided this information to the Commissioner (i.e., in a BAS that was lodged) on or before 12 March 2020** (or such later time as allowed by the Commissioner).

- (c) The relevant **business participant** was:
 - **actively engaged** in the business (i.e., in the operations and activities of the entity) as at 1 March 2020;
 - **not** entitled to another JobKeeper Payment, either as a nominated eligible business participant of another business (e.g., as a director or beneficiary) or as an eligible employee;
 - **not a permanent employee of any other employer;**
 - at least 16 years of age as at 1 March 2020; and
 - on 1 March 2020, either:
 - a resident of Australia for *social security* purposes (e.g., an Australia citizen, a holder of a permanent visa or a holder of a protected special category visa); or
 - a resident of Australia for *tax* purposes and was a holder of a Subclass 444 (Special Category) visa.

A business seeking a payment for an eligible business participant can **register their interest** in the JobKeeper Scheme and will need to subsequently make a formal application to the ATO. It is understood that when making a formal application, they will be required to provide their ABN, as well as a single TFN for the eligible recipient of the JobKeeper Payment, and a declaration of business activity.

The ATO currently does not have a formal application for eligible business participants.

How to calculate a fall in turnover for the first fortnight starting 30 March 2020

An employer will **only** be eligible to receive a JobKeeper Payment in respect of an '**eligible employee**' if, at the time of applying the employer estimates that their actual or projected GST turnover has fallen by **30% or more**.

To work out your fall in turnover, you can compare either:

Monthly

- GST turnover for March 2020 with GST turnover for March 2019
- projected GST turnover for April 2020 with GST turnover for April 2019

Quarterly

- projected GST turnover for the quarter starting April 2020 with GST turnover for the quarter starting April 2019.

How you choose to project your fall in turnover is not dependent on whether you report a quarterly or monthly BAS, though you can do that if it is easier.

The **ATO has been given the discretion** to set out **alternative tests** that can establish your eligibility when turnover periods are not appropriately comparable.

PRACTICAL TIP – Gathering information on decline in turnover

One of the primary tests for determining whether a business qualifies for the JobKeeper Scheme and, hence JobKeeper Payments, is the **decline in turnover test** (outlined above).

Ultimately, it is up to each business to self-assess whether it satisfies this test. In most cases, businesses will be required to make a reasonable estimate of their turnover for a month or a quarter. To assist with this process, the ATO (according to Treasury) will be providing guidance in this regard shortly. In the meantime, it would be prudent for businesses to start collating relevant information (e.g. **Interim accounts, monthly sales reports and prior year BASs**) to get ready for comparison calculations.

PRACTICAL TIP - The ATO's discretion regarding decline in turnover for JobKeeper eligibility

Where a business was not in operation a year earlier, or where the turnover of a business a year earlier was **not** representative of their usual or average turnover (e.g., because there was a large interim acquisition, or their turnover is typically highly variable), the Commissioner will have discretion to consider additional information that the business can provide to establish it has been significantly affected by the impact of the Coronavirus.

Currently, the ATO has not released any information on what factors it will take into account when considering exercising this discretion. But we believe the ATO will be very reasonable, they want business and workers to remain connected and not on Centrelink.

There will also be some tolerance where employers have, in good faith, estimated at least a 30% fall in turnover, but actually experience a slightly smaller fall.

Once you qualify you stay keep receiving payments no matter future turnover!

Once you qualify for the JobKeeper payments for the first fortnight because your turnover has declined by the relevant amount, you remain eligible and do not need to keep testing turnover in following months. You will have ongoing monthly reporting requirements but purely for measuring how the economy is going, not for eligibility.

PRACTICAL WARNING – Employers must register for the scheme ASAP as no backpay (except April)

An employer can only be entitled to a JobKeeper Payment where they are registered under the JobKeeper Scheme **before the end of any relevant JobKeeper Payment fortnight.**

Notably, an exception applies for the first JobKeeper fortnight (which started on the 30 March 2020 and ended on 12 April 2020) whereby an employer is required to be registered by **30 April 2020** (rather than 12 April 2020).

In other words, an employer has until the end of the *second* JobKeeper fortnight to register in respect of the first JobKeeper fortnight, as it will not be back paid.

For example, in order to be eligible for a JobKeeper Payment in respect of the JobKeeper fortnight commencing 30 March 2020, the employer has until **30 April 2020** to register.

But for the JobKeeper fortnight commencing 11 May 2020, the employer must (if they are not already registered) register by 24 May 2020.

After you have worked out you are an eligible employer, you then need to check whether your employee or employees are eligible.

What do you need to do for your employees

You need to identify which employees you intend to claim the JobKeeper payment for and tell them you intend to claim the JobKeeper payment for them.

If your employees have multiple employers, they can usually choose which employer they want to nominate through. However, if your employees are long-term casuals and have other permanent employment, they must choose the permanent employer. They cannot receive the JobKeeper payment from more than one employer.

If an employee is currently receiving an income support payment, they must notify [Services Australia](#) of their new income to avoid incurring a debt that they will have to repay.

Who is an eligible employee?

Your employee is **eligible** under the JobKeeper Payment scheme if they:

- are employed by you (including those stood down or re-hired)
- were either a
 - permanent full-time or part-time employee at 1 March 2020
 - long-term casual employee (employed on a regular and systematic basis for at least 12 months) as at 1 March 2020 and not a **permanent** employee of any other employer
- were at least 16 years of age on 1 March 2020
- were an Australian resident as at 1 March 2020, and are one of an Australian citizen, the holder of a permanent visa, or a Special Category Visa Holder.
- were not in receipt of any government funded parental leave or dad and partner pay nor are they fully supported by a workers compensation scheme
- **agree to be nominated by you and have not given any other employer a nomination notice (see below).**

How to Nominate an employee

Before you enrol to receive JobKeeper payments, you need to notify each eligible employee that you intend to nominate them as eligible employees under the JobKeeper scheme. They must agree to be nominated by you by completing the [JobKeeper employee nomination notice](#) and returning it to you for your records. The nomination form **does not** need to be provided to the ATO however employers are required to keep a copy of the completed form for five years as part of their record keeping obligations under the law.

How and when to pay employees

You need to re-start or continue to pay your eligible employees at least \$1,500 a fortnight in line with your **existing pay cycle** through your **existing payroll solution**.

You should pay your employees for each JobKeeper fortnight you plan to claim for. The first fortnight is from 30 March – 12 April and each JobKeeper fortnight follows after that.

April has special rules:

For the first two fortnights (30 March – 12 April, 13 April – 26 April), the ATO will accept the minimum \$1,500 payment for each fortnight has been paid by you even if it has been **paid late, provided it is paid by the end of April. But you must have registered by the 26th April.** This means that you can make two fortnightly payments of at least \$1,500 per fortnight before the end of April, or a combined payment of at least \$3,000 before the end of April. If you usually pay your employees less frequently than fortnightly, the payment can be allocated between fortnights in a reasonable manner. For example, if you pay your employees on a monthly pay cycle, your employees must have received the monthly equivalent of \$1,500 per fortnight.

You cannot claim the JobKeeper payment in advance. The JobKeeper payment is a reimbursement from the ATO to an employer in arrears, and cannot be paid in advance in any circumstances.

How much to pay

You must pay the minimum \$1,500 before tax to each eligible employee per fortnight to claim the JobKeeper payment for that fortnight. You cannot pay your employees less than \$1,500 per fortnight and keep the difference. The minimum \$1,500 (before tax) payment requirement will operate as follows:

- (a) **If an employee has been receiving at least \$1,500** in gross salary income per fortnight since 30 March 2020, they will continue to receive their regular income according to their prevailing workplace arrangements. In this case, the JobKeeper Payment will effectively subsidise the first \$1,500 of the employee's gross fortnightly salary income.
- (b) **If an employee has been receiving less than \$1,500** in gross salary income per fortnight since 30 March 2020, the employer must pay the employee a **'top-up' payment** to ensure the employee has been paid at least \$1,500 per fortnight to be eligible to receive the JobKeeper Payment. This means some employees will receive more than their ordinary salary and wages derived from the employer.
- (c) **If an employee has been stood down** without pay after 1 March 2020 their employer must pay the employee a minimum gross fortnightly salary income of \$1,500 from 30 March 2020, to be eligible to receive the JobKeeper Payment in respect of the employee.
- (d) If an employee was **employed on 1 March 2020**, has subsequently **ceased employment** with their employer, and then has been **re-engaged** by the same employer, the employer must pay the employee a minimum gross fortnightly salary of \$1,500 under the JobKeeper Scheme.

Note: the minimum payment must be made by the **last day of the fortnight**. However, the ATO has already exercised its discretion to allow employers to make the minimum payment for the first two fortnights **by the end of April 2020**. Going forward, the minimum payment will need to be strictly made by the end of the relevant fortnight.

Superannuation guarantee

New rules are being introduced by the government with the intention to not require super guarantee to be paid on **additional** payments that are made to employees as a result of JobKeeper payments.

Examples

Employer with employees on different wages

Adam owns a real estate business with two employees. The business is still operating at this stage but Adam expects that GST turnover will fall by more than 30% in the coming months. The employees are:

- Anne, who is a permanent full-time employee on a salary of \$3,000 per fortnight before tax and who continues working for the business, and
- Nick, who is a permanent part-time employee on a salary of \$1,000 per fortnight before tax and who continues working for the business.

Adam is eligible to receive the JobKeeper payment for each employee, which would have the following benefits for the business and its employees.

The business continues to pay Anne her full-time salary of \$3,000 per fortnight before tax, and the business will receive \$1,500 per fortnight from the JobKeeper payment to subsidise part of the cost of Anne's salary.

The business continues to pay Nick his \$1,000 per fortnight before tax salary and an additional \$500 per fortnight before tax, totalling \$1,500 per fortnight before tax. The business receives \$1,500 per fortnight from the JobKeeper payment, which will subsidise the cost of Nick's salary.

Adam can obtain nomination forms from each of Anne and Nick, enrol in the JobKeeper scheme, and apply for JobKeeper payments by providing the ATO with details about his eligible employees. In addition, Adam is required to advise his employees that he has nominated them as eligible employees to receive the payment. Adam will provide information to the ATO on a monthly basis and receive the payment monthly in arrears.

Employer with employees who have been stood down without pay

Zahrah runs a beauty salon. Ordinarily, she employs three permanent part-time beauticians, but the government directive that beauty salons can no longer operate has required her to shut the business. As such she has been forced to stand down her three beauticians without pay.

Zahrah's turnover will likely fall by more than 30%, so she can be eligible to apply for the JobKeeper payment for each employee, and pay at least \$1,500 per fortnight before tax to each of her three beauticians for the period up to 27 September.

Zahrah is required to advise her employees that she has nominated them as eligible employees to receive the payment.

If Zahrah's employees have already started receiving income support payments like the JobSeeker payment when they receive the JobKeeper payment, they should advise Services Australia of their change in circumstances online at my.gov.au or by phone to avoid incurring a debt that they will need to repay.

Frequently Asked Questions

A number of these commonly asked questions are addressed below.

Question 1: Do businesses have to meet the decline in turnover test on an ongoing basis?

The answer is No. Whilst a business must satisfy the decline in turnover test in order to be entitled to a JobKeeper Payment, once it is satisfied, there is **no requirement to retest** in later JobKeeper Payment fortnights. That is, the decline in turnover test **only needs to be satisfied once**. As a result, if a business can demonstrate that its turnover has been adversely impacted by at least **30%**, then it will continue to meet this requirement even if its turnover subsequently recovers in later JobKeeper fortnights.

Question 2: What if a business's turnover has not decreased (e.g., by 30%) but it is predicted to do so in the coming month?

An employer can apply for the JobKeeper Scheme where it is **reasonably expected** that its GST turnover will fall by **30%** or more relative to its GST turnover in a corresponding period a year earlier. Treasury has advised that the ATO will provide guidance about self-assessment of actual and anticipated falls in turnover. Additionally, if a business does not meet the decline in turnover test as at 30 March 2020, the business can start receiving the JobKeeper Payment at a later time, once the decline in turnover test has been met. However, in this case, the JobKeeper Payment will **not** be backdated to the commencement of the scheme, although businesses can receive JobKeeper Payments up to 27 September 2020.

Question 3: Are employers required to continue to pay employees to qualify for the JobKeeper Payment?

The answer is Yes. Employers are required to satisfy the 'wage condition' in respect of an employee for the relevant JobKeeper fortnight in order to qualify for the JobKeeper Payment for that employee. As a reminder, the first JobKeeper fortnight commenced on **Monday 30 March 2020 and ended on Sunday 12 April 2020** (i.e., the first JobKeeper

fortnight has already ended). Broadly speaking, a payment under the scheme is meant to be a **reimbursement** to the employer of an amount **already paid** to an eligible employee (who is participating in the JobKeeper Scheme). Specifically, the 'wage condition' requires the employer to **pay each eligible participating employee at least \$1,500 for each JobKeeper fortnight**, which can be represented by salary, wages, PAYG withholding, salary-sacrificed superannuation contributions and other amounts applied or dealt with on behalf of the employee (i.e., an add-back of any salary sacrificed in return for fringe benefits). If employers have insufficient cashflow to make such payments, Treasury has encouraged such businesses to speak to their banks about using the upcoming JobKeeper Payment as 'collateral' to seek short-term finance to pay their employees.

TIP – ATO concession for the first two JobKeeper fortnights

In the event that an employer does **not** meet the 'wage condition' (i.e., they have not paid an eligible employee a minimum amount of \$1,500 in the fortnight), then they have not met all the requirements to be entitled to the JobKeeper Payment.

However, the Commissioner does have the power to treat a particular event (e.g., a payment) that happened in a fortnight as having happened in a different fortnight if the Commissioner believes that it is reasonable to do so. In this regard, the ATO has advised that for the **first two fortnights** (i.e., the fortnights ending 12 April 2020 and 26 April 2020), it will accept the minimum \$1,500 as being paid in each fortnight, even if it has been paid late, **provided it is paid by the end of April**. As such, the ATO has effectively granted businesses an extension of time to pay the required \$1,500 per fortnight to their eligible employees for the purposes of meeting the JobKeeper Payment requirements.

Question 4: If employees have been stood down after 1 March 2020 does an employer need to pay them?

The answer is Yes. As discussed above, employers will need to make payments to eligible employees, including employees who have been stood down. This means the employer must pay the stood down employee a minimum of \$1,500 per fortnight (before tax) in the relevant fortnight (subject to the concession in the TIP above). Where an employer pays their staff monthly, the monthly payment must be equivalent to the required fortnightly payments. For subsequent payment periods, an employer will need to continue to pay these employees who have been stood down a minimum of \$1,500 (before tax) before the end of each relevant JobKeeper fortnight.

Question 5: Can employers select which of their eligible employees are covered by the JobKeeper Scheme?

The answer is No. Once an employer decides to participate in the JobKeeper Scheme, they must ensure that **all** of their eligible employees (who have agreed to be nominated for the scheme) participate in the scheme. This applies to all eligible employees (i.e., irrespective of whether they are still working for the employer or they have been stood down). As the scheme is operated on an 'one in, all in' basis, employers **cannot** 'pick and choose' which eligible employees will be able to participate in the scheme.

Question 6: Are the JobKeeper Payments from the ATO assessable income to the business?

The answer is Yes. The salary or wage payments made by the business to their employees are allowable deductions and the reimbursement (up to \$1500 limit) is therefore income. Inevitably, a timing mismatch may arise in relation to the income year in which the assessable income is included and the income year in which the allowable deductions are claimed. This is because the salary and wages are required to be paid **before** a JobKeeper Payment is received from

the ATO, however, this would generally work to the employer's advantage. Specifically, there would be a timing mismatch in deductions claimed for salary and wages paid in June 2020 (deductible in the 2020 income year), whilst the JobKeeper Payment would not be received until, and hence assessable to the business in, July 2020 (i.e., the 2021 income year).

Question 7: Are employers required to deduct PAYG withholding from the amounts paid to employees?

The answer is Yes. Broadly speaking, employers are required to make payments of at least \$1,500 to each eligible employee every JobKeeper fortnight. To the extent that these payments take the form of salary or wages, they would constitute assessable income to the employees, which means that employers would be required to deduct the appropriate amount of PAYG withholding. Therefore, on the basis that each eligible employee will receive at least \$1,500 per fortnight, then at least **\$192** of PAYG withholding will need to be deducted (based on a fortnightly payment cycle) where the employee is claiming the tax-free threshold (assuming no salary packaging arrangement is in place).

Question 8: Are employers subject to Superannuation Guarantee ('SG') in relation to any extra JobKeeper Payments?

The answer is No. The Government's intention is that employers will only be required to make SG contributions for amounts payable to an employee in respect of their actual employment, which would **not** include any **extra** payments made by the employer to satisfy the \$1,500 JobKeeper Payment 'wage condition'. At the time of writing, the law is yet to be amended to reflect this. For example, if an employee ordinarily earns \$1,000 a fortnight and is 'topped-up' by \$500 to \$1,500 a fortnight, the employer will be required to pay SG in relation to the 'usual' \$1,000 but may lawfully decide not to pay SG on the additional \$500 payment, which is solely attributable to the JobKeeper Payment. In other words, in relation to the extra top-up amounts paid to the employee, it is up to the employer if they want to pay superannuation on these additional wages paid by the JobKeeper Payment. There no SGC if the employee is stood down.

Question 9: Can businesses get the JobKeeper Payment in respect of workers who are engaged through a labour hire firm?

The answer is, unfortunately, No. Businesses will **not** qualify for a JobKeeper Payment in respect of workers engaged through a labour hire firm. In order to qualify for the JobKeeper Payments, the individual must either be an eligible employee or an eligible business participant. In the case of workers who are engaged by the business through a labour hire firm, they do not generally have an employment relationship with the business, rather, the contractual relationship is between the business and the labour hire firm. As such, these workers are **not** employees of the business, which means the business will not qualify for JobKeeper Payments in respect of these workers.

TIP - Labour hire firms may qualify for JobKeeper Payments directly

Whilst these workers do not have an employment relationship with the business that they perform their services for, they may have an employment relationship with the labour hire firm that they are engaged through. To the extent that these workers are 'employees' of the labour hire firm, then where the labour hire firm meets the relevant qualifying requirements, it may qualify for the JobKeeper Payment.

Question 10: Can a sole trader who has employees also qualify for the JobKeeper Payment?

The answer is Yes. On the basis that the sole trader's business has satisfied all the other requirements to qualify for the JobKeeper Payment, a sole trader can qualify for the JobKeeper Payment in relation to their eligible employees and **also** qualify for the JobKeeper Payment themselves (i.e., in their own capacity) as an eligible business participant. In other words, a sole trader's entitlement to the JobKeeper Payment as an eligible business participant arises *independently* of their entitlement to the JobKeeper Payment in respect of their employees. Therefore, whether a sole trader has any employees or not will not impact on their ability to personally qualify for the JobKeeper Payment.

Question 11: How to claim for employees who were terminated after 1 March due to the virus

If you terminated an employee after 1 March 2020, you can re-engage them and they will be eligible if they met the eligibility criteria on 1 March 2020.

If you want to claim the JobKeeper payment for employees you have re-engaged, you will need to:

- confirm they want to be re-hired and participate in the JobKeeper scheme with you
- re-engage the employees you want to claim for
- ask them to complete the [JobKeeper employee nomination notice](#) and return it to you. You are required to keep this form as part of your records keeping obligations under the law
- start paying them a minimum of \$1,500 (before tax) for each fortnight they are employed and you claim for.

You will only be paid a JobKeeper payment for employees from the fortnight they were re-engaged. You cannot claim retrospectively for employees you re-engage.

What should employees know?

Your employer will notify you if they intend to claim the JobKeeper fortnightly payment of \$1,500 on your behalf.

You will not be paid the JobKeeper payment by the ATO. The payment comes from your employer who is later reimbursed by the ATO. Tax will be withheld from the payment so you may receive less than \$1,500 in your bank account.

Here are five steps that you should take to help your employer claim the JobKeeper payment on your behalf:

- **Step 1** - Check you meet the eligibility requirements such as being employed on the 1st March etc.
- **Step 2** - Talk to your employer and let them know if you want them to claim the JobKeeper payment for you.
- **Step 3** - If you have multiple jobs
 - Choose which employer you want to claim the JobKeeper payment for you. You can only choose one employer. If you are a long-term casual but also have a permanent employer, you can only choose a permanent employer.

- Let your chosen employer know that you want them to claim the JobKeeper payment for you.
 - Let the other employers know you have nominated a different employer for the JobKeeper payment.
 - **If you run a business, but are also a permanent employee, you cannot nominate to be an eligible business participant of that business.**
- **Step 4** - Complete the *JobKeeper employee nomination notice* provided by your chosen and agreed employer and return it to them as soon as possible. The form captures simple information to confirm who you are and that you choose to be nominated by them.
 - **Step 5** - If you are receiving or in the process of applying for a Services Australia income support payment, like JobSeeker payment, contact Services Australia and let them know that your employer has applied for the JobKeeper payment. If you do not report the income or cancel your JobSeeker payment, you may incur a debt that you will be required to pay back.

More flexibility for employers receiving the JobKeeper Payment under the Fair Work Act 2009

Amendments have also been made to the *Fair Work Act 2009* to support the practical operation of the JobKeeper Scheme and to facilitate a range of flexible working arrangements designed to support the continued operation of businesses and the ongoing employment of employees.

JobKeeper enabling directions

Under these amendments, an employer who qualifies for JobKeeper Payments in respect of an eligible employee will be able to provide the following **JobKeeper enabling directions** to the employee (provided the employee is initially consulted and the directions are not unreasonable in the circumstances):

(a) A **'stand down' direction**, which can be a direction for the employee to not work on particular days, to work for a lesser period or to work a reduced number of hours.

Such a direction can only be given if, amongst other things, the employee **cannot** be usefully employed for the employee's normal days or hours during the period the employer is eligible to receive JobKeeper Payments for the employee, because of:

- changes to the business (e.g., less patronage and/or the closure of stores) attributable to the Coronavirus pandemic; or
- government initiatives to slow down the transmission of the Coronavirus.

During the period to which such a direction applies, the employer is still required to pay the employee the fortnightly value of the JobKeeper Payment (i.e., \$1,500 per fortnight). Furthermore, such a direction **cannot**

reduce the employee's hourly base rate of pay, meaning an employer must ensure that the total amount payable to a particular eligible employee in respect of a fortnight is either:

- the amount of the JobKeeper Payment for the employee; or
- if a greater amount is payable to the employee for the performance of work during the fortnight, that amount (i.e., in full).

(b) A **direction** about the **duties** to be performed by the employee that are within the employee's skill and competency. Again, such a direction **cannot** reduce the employee's hourly base rate of pay.

(c) A **direction** for the employee to work at a **location** that is different from the employee's normal place of work (including the employee's home).

This direction can only be given if, amongst other things, the new work location does **not** require the employee to travel a distance that is unreasonable in the circumstances (where the location is not the employee's home).

Employment agreements

Furthermore, in addition to the JobKeeper enabling directions (discussed above) the amendments to the *Fair Work Act 2009* will also generally allow an employer and its employees to enter into **agreements** relating to their ongoing employment.

Specifically, an employer (during the period that they are entitled to the JobKeeper Payment for an employee) can make a request to the employee (and the employee cannot unreasonably refuse) for the employee to agree to:

- perform their duties on different days or at different times (without a reduction in the employee's working hours); and/or
- take annual leave (including at half pay) that will **not** result in the employee having a balance of paid annual leave of fewer than two weeks.

How do these Fair Work changes affect an employee's existing terms and conditions of employment?

The above amendments have the effect of **temporarily** modifying employment rights and obligations to the extent specified in the relevant direction to, or agreement with, an employee. What this basically means is that the terms and conditions of an employee's employment beyond the scope of the above JobKeeper-related amendments will not be affected.

Importantly if no such direction or agreement is made under the JobKeeper Scheme, an employee's existing rights and obligations continue to apply.

JobKeeper enabling directions

The JobKeeper legislation passed on the 08/02/2020 and has given us a lot more detail on how employers and employees can behave while accessing JobKeeper payments. There no real changes to previous announcements regarding eligibility for both employers and employees.

The new Legislation works with the Fair Work Act and temporarily enables employers to issue “**JobKeeper enabling directions**”. This legislation will be automatically repealed on 28 September 2020. The purpose is to assist employers who qualify for the JobKeeper scheme to deal with the economic impact of COVID-19. This will help ensure, where reasonably possible, employees remain productively employed during the pandemic, and continue to contribute to the business of their employer where it is safe and possible for the business to continue operating.

The new legislation provides (subject to various safeguards) for increased flexibility around:

1. Employees' hours of work, **but not** hourly rate of pay.
2. performance of different duties,
3. location of work,
4. days and times of work,
5. taking paid annual leave, including at half pay.

An employer must consult the employee before giving a JobKeeper enabled direction; the directions must not be unreasonable, and directions in relation to duties to be performed by an employee or their location of work must be supported by an employer's reasonable belief this is necessary for the continued employment of one or more employees of the employer. If no JobKeeper enabling direction or agreement is made, existing rights and obligations are unaffected. An employee does not have to comply with a JobKeeper enabling stand down direction if it is unreasonable. The giving of a JobKeeper enabling direction does not amount to a redundancy. The Fair Work Commission (FWC) will be able to resolve disputes.

Expanding the five points above, if an employer qualifies for the JobKeeper they can issue to employees:

1. A stand down direction to work fewer days or hours because of business changes attributable to the Coronavirus pandemic or government directives. But they cannot reduce an employee's hourly base rate of pay. I.e. the employee's base rate of pay worked out on an hourly basis cannot be less than the base rate of pay worked out on an hourly basis that would have applied to the employee if the direction had not been given.
2. A direction to an employee about the nature of the employee's duties, within their skill and competency. The employee must be licensed and qualified to perform the duties (if a licence or qualification is necessary); and the duties should be reasonably within the scope of the employer's normal business operations. An employee does not have to comply with a direction to change duties of work if it is unreasonable in all the circumstances.
3. A direction that an employee is to perform duties at a place that is different from the employee's normal workplace such as the employee's home. A direction relating to location of work has effect if, the place is suitable for the employee's duties; it does not require the employee to travel a distance that is unreasonable (if not the

employees home) and performance of the employee's duties at the place is safe, having regard (without limitation) to the nature and spread of Coronavirus, and is reasonably within scope of the employer's business operations. A direction to change work location does not apply to an employee if it is unreasonable in all the circumstances, including where it impacts on caring responsibilities of an employee.

4. A direction for working different days or at different times compared with the employee's ordinary days or times of work. For example, an employee who usually works weekends could reasonably be required to work on weekdays in a situation where their employer's business can no longer trade on weekends as a result of the Coronavirus pandemic.
5. A direction for taking paid annual leave. An employee must consider (and must not unreasonably refuse) their employer's request to take annual leave, provided that the leave arrangement would not result in reducing the employee's leave balance to fewer than two weeks. The employer and employee can also agree taking twice as much annual leave at half the employee's rate of pay for a period. This provision is designed to facilitate a range of flexible arrangements to support continuing business operation and the ongoing employment of employees.

Example 1

Jo is employed as a waiter in Anna's restaurant. Anna's restaurant has reduced operations to takeaway only because of Coronavirus restrictions. Anna qualifies for the JobKeeper scheme in relation to Jo, and gives Jo a JobKeeper enabling stand down direction not to attend work for 4 weeks, compared to her usual roster of 40 hours per week. Anna is required to ensure Jo is paid the appropriate value of JobKeeper payments (\$3000) during the four week JobKeeper enabling stand down period.

Example 2

Rachel works as an administrator for a manufacturing business whose retail operations have moved online as a result of significantly reduced shopfront demand and a 30 per cent reduction in turnover, following the Coronavirus outbreak. Rachel's employer qualifies for the JobKeeper scheme in relation to Rachel and gives her a JobKeeper enabling stand down direction that reduces her ordinary hours of work from 38 to 32 hours per week. Rachel's contractual base pay rate is \$30 per hour, which cannot be reduced for her hours of work, regardless of how many hours she is directed to work. As a result of the JobKeeper enabling stand down direction reducing her hours, Rachel's fortnightly pay has reduced from \$2280 (\$30/hr multiplied by 76 hours worked in a fortnight) to \$1920 (\$30/hr multiplied by 64 hours worked in a fortnight). Rachel must be paid for hours she worked, and as her reduced fortnightly pay is still higher than the value of the fortnightly JobKeeper payment (\$1500) she must be paid that higher amount. However, under the JobKeeper scheme, Rachel's employer can apply the value of the JobKeeper payment towards her fortnightly pay.

Example 3

Ameisa operates a warehouse and her employees, including Meera are covered under an award. As a storeworker grade 4, Meera generally acts in a leading hand capacity, coordinating the work of other storeworkers, performs liaison duties including with customers, and controlling inventory. Ameisa's business is affected by the Coronavirus pandemic and qualifies for the JobKeeper scheme. Given the downturn in Ameisa's business operations, Meera is not required to

perform her usual duties in respect of customer liaison. In order to keep Meera connected to employment during the pandemic, rather than reducing Meera's hours, Ameisa gives Meera a JobKeeper enabling direction that changes Meera's usual duties and enables her to be retain her regularly rostered hours, albeit in other duties. Ameisa wants Meera to drive a forklift in the warehouse. Because the duties can be performed with appropriate social distancing and in a way that is safe with respect to the nature and spread of Coronavirus, reasonably within the scope of Ameisa's business operations, and Meera holds a current high risk work licence to operate a forklift (class LO), Ameisa is able to give a JobKeeper enabling direction authorised by to drive the forklift. While Meera's duties have been modified by the JobKeeper enabling direction, the other terms and conditions relating to her employment, such as the days and hours she works, are unchanged.

How to issue JobKeeper enabling directions:

Any direction must not be unreasonable in all the circumstances (this could, for example, depend on its impact on an employee's caring responsibilities). If a direction is unreasonable in all the circumstances, it does not apply to an employee. In addition to the reasonableness test in the case of a direction for changed duties or work location, the employer has to support a reasonable belief the direction is necessary to continue the employment of one or more employees. The employer must give the employee at least three days written notice of the intention to give a direction or lesser period by genuine agreement (although this does not apply if the employer previously provided such notice of the direction and considered any views of the employee in that context), consult the employee about it, and keep a written record of the consultation. The direction must be in writing (this could include by electronic means). The direction continues in effect until withdrawn or revoked by the employer, or replaced by a new direction given to the employee – this is subject to cessation of the direction at the start of 28 September 2020. An employee given a JobKeeper enabling direction by their employer must comply with the direction.

Leave Accruals and Entitlements

During a period when an employee is subject to a JobKeeper enabling direction, the period counts as service including an employee who is subject to a JobKeeper enabling stand down direction. Any entitlements to redundancy pay and payment in lieu of notice of termination are to be calculated as if the direction had not been given.

Secondary Employment or Training requests

An employee who is subject to a JobKeeper enabling stand down direction can ask their employer for permission to engage in reasonable secondary employment, training or professional development and the employer should consider and not unreasonably refuse such requests.

JobKeeper Eligible Employers

SME Employers will be eligible for the subsidy if their business has a turnover of less than \$1 billion and their turnover has fallen by more than **30** per cent.

To establish that a business has faced either a 30 percent fall in their turnover, most businesses would be expected to establish that their turnover has fallen in the relevant month or three months (depending on the natural activity statement reporting period of that business) relative to their turnover a year earlier.

Where a business was not in operation a year earlier, or where their turnover a year earlier was not representative of their usual or average turnover, (e.g. because there was a large interim acquisition, they were newly established or their turnover is typically highly variable) the **Tax Commissioner will have discretion** to consider additional information that the business can provide to establish that they have been significantly affected by the impacts of the Coronavirus.

The Tax Commissioner will also have discretion to set out alternative tests that would establish eligibility in specific circumstances (e.g. eligibility may be established as soon as a business has ceased or significantly curtailed its operations). There will be some tolerance where employers, in good faith, estimate a greater than 30 (or 50) per cent fall in turnover but experience a slightly smaller fall.

The JobKeeper Payment is **available to businesses including companies, partnerships, trusts and sole traders, not-for-profits and charities.**

The intent of the JobKeeper Payment is to enable any eligible self-employed person to get a wage subsidy regardless of what business structure they use, where:

- the partners in a partnership only receive a share of profits **BUT** only one partner can be nominated to receive it.
- directors of a company only receive dividends **BUT** only one director can be nominated to receive it
- beneficiaries of a trust only receive distributions **BUT** only one individual beneficiary (i.e. not a corporate beneficiary) can be nominated to receive it
- a company director pays Director fees **BUT** only one person in a director capacity may receive the payment and that individual may not receive the payment as an employee.

1.2 Covid-19 Jobs Support Loans (NOW CLOSED TO NEW APPLICATIONS)

The other must do is apply for the \$250,000 State Government Loan

The Queensland Government \$500 million COVID-19 Jobs Support Loans scheme is being provided to assist Queensland businesses and non-profit organisations financially impacted by COVID-19 retain employees and maintain their operations.

This assistance measure is being delivered by the Queensland Rural and Industry Development Authority (QRIDA).

Loans available

Concessional loans are available up to 50 per cent of an eligible entity's annual wage expense, to a maximum of \$250,000.

- *The annual wage expense is the average of an entity's wage expense including superannuation over the 2017/18 and 2018/19 financial years and may include the salaries, or drawings of business owners, if they work in the business.*

QRIDA's online application form will guide you in working out the maximum loan for which you can apply. Please contact QRIDA if you need any further assistance.

How loans may be used

Concessional Loans may be used to meet an entity's working capital expenses. Examples of eligible expenses include:

- a. paying employee wages;
- b. paying creditors and existing business loan and equipment finance payments;
- c. paying rent and rates;
- d. buying goods, including fuel, for the purposes of carrying on the business.

Ineligible expenses include:

- a. refinancing existing business loans or equipment finance;
- b. purchasing new equipment or other assets.

Eligibility

To be eligible for a concessional loan applicants must:

- a. be an eligible business which holds an ABN and is registered for GST, or an incorporated

- b. non-profit organisation;
- c. have one or more equivalent full-time employees in Queensland;
- d. have operated the business or non-profit organisation since 1 July 2017;
- e. have suffered a loss of income as a result of COVID-19.
 - i. *Eligible business types include sole traders, partnerships, private and public companies and trusts.*
 - ii. *A full-time employee is an employee who works at least 35 hours each week in the entity.*
 - iii. *Owners of a business may be regarded as employees if they work in the business.*

Applicants must also:

- a. be considered viable under normal business conditions;
- b. be able to service the loan under normal business conditions;
- c. intend to continue operations after receiving the loan;
- d. intend to use any surplus liquid reserves or normal credit sources up to normal credit limits, in conjunction with the loan to continue operations.

Loan security

- Loans **up to \$100,000** will require no loan security.
- Loans **over \$100,000** and up to **\$250,000** are to be secured by a General Security Agreement.
 - a. A General Security Agreement is a general charge over the business assets of an entity

Loan terms and interest rates

- The term of concessional loans is 10 years.
- The first year of the loan will be repayment free and no interest will be charged.
- Following the first year, payments will be interest-only for two years.
- After this, principal and interest repayments will apply for the remaining term.
- Loan payments when they commence will be on a monthly basis.
- An interest rate of **2.5 per cent** will apply to the loan from commencement of the second year and for the remainder of the loan term.

How to apply

To apply for a loan:

- a. read this guideline and discuss your application with your lender and financial or business advisors;
- b. complete and submit your application and supporting documents to QRIDA online.

The scheme will be open to applications ***until 25 September 2020, or when funding is fully committed, whichever occurs first.*** Penalties apply for providing false and or misleading information.



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