

COVID-19 & Government Assistance

Case Studies

AAAA Member Companies



Agenda.

1. Introductions and Overview
2. Key Economic Stimulus measures
3. Case Studies
4. Discretionary Grants
5. Further Resources
6. Q&A

Government Assistance

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Pre-COVID19 context:
Bigger, Better, Faster

”

“

COVID-19 context:
Sustain business, Retain
workforce

”



Economic Stimulus – unprecedented funding

- Every State and Territory as well as the Federal Government have released packages
- Live legislative environment subject to ongoing development

Economic Stimulus divided into four “buckets”:

1. Cash flow boosting measures including entitlement grants
2. Loan facilities
3. Discretionary Grants
4. “Other”



Economic Stimulus Funding Buckets

Assistance with Immediate Pains

Longer Term

1. Cash Flow

- JobKeeper
- Payroll Tax
- Land Tax
- Depreciation Treatment
- Small entitlement cash grants Circa \$10,000 for SMEs

2. Loans

- SME Guarantee Scheme
- State based facilities

3. Other

- Rent Relief Agreements
- Funding Apprentices
- Energy accounts payment assistance
- Waiving licence and permit fees

4. Grants

- Discretionary industry funds Circa \$1bn per State
- Funds for exporters
- Severely affected regions



Key Federal Measures of Interest

Instant Asset Write Off	<ul style="list-style-type: none"> • Aggregated turnover <\$500m • \$150k threshold per item (excl. GST) • Assets first used/installed from 12 March 2020 to 30 June 2020
Accelerated Tax Depreciation	<ul style="list-style-type: none"> • Aggregated turnover <\$500m • Immediate deduction for 50% of cost (not pro-rated for part year) • Assets first used/installed by 30 June 2021 (IAWO takes precedence till 30 June 2020)
JobKeeper	<ul style="list-style-type: none"> • Flat payment \$1,500 per employee per fortnight, for 6 months • Turnover <\$1bn with revenue drop by 30%
Cash Flow Boost	<ul style="list-style-type: none"> • Aggregated turnover <\$50m • Two cash flow boosts (credits) each \$10k to \$50k • First in March-June 2020 period equal to 100% of PAYG withheld for quarterly BAS or 300% of March BAS • Second in June-Sep 2020 period
Apprentices	<ul style="list-style-type: none"> • Wage subsidy of 50% for 01 Jan to 30 Sep 2020; Maximum \$21k per eligible apprentice/trainee • Businesses <20 employees
Temporary Relief for financially distressed businesses	<ul style="list-style-type: none"> • Increase threshold creditor can take action to \$20k; companies have 6 months to respond • Relief for directors from personal liability for trading while insolvent



Key Federal Measures of Interest

SME Guarantee Scheme	<ul style="list-style-type: none">• Aggregated turnover <\$50m• Government guarantee of 50% to support new short-term unsecured loans used for working capital• Max \$250k per borrower; loan up to 3 years with initial 6 month repayment holiday• Available until 30 Sep 2020
Business Relief Package	<ul style="list-style-type: none">• Australian banks will defer loan repayments for small businesses affected by COVID-19 for six months• Contact your bank to opt in
Administrative Concessions	<ul style="list-style-type: none">• Deferral of payments (income tax, GST, PAYG Instalments); quicker access to refunds• PAYG Instalments can be varied to zero from March 2020 quarter and claim refunds for earlier quarters• Requires an approach to ATO on case by case basis
GST	<ul style="list-style-type: none">• Businesses on quarterly reporting cycles can opt into monthly GST reporting to get quicker access to GST refunds they may be entitled to• Potential to defer GST payments for up to 6 months
R&D Tax Incentive	<ul style="list-style-type: none">• Extended lodgement deadline for companies with a 30 June 2019 income year, to 30 Sep 2020



Key State Measures of Interest

State	Payroll Tax	Land Tax & Other Tax
NSW	<ul style="list-style-type: none"> 3 month waiver + 3 month deferral if AU wages <\$10m 6 month deferral if AU grouped wages >\$10m Threshold limit raised to \$1m in FY21 	<ul style="list-style-type: none"> Deferred land tax payments for 3 months or agreement to a payment plan
QLD	<ul style="list-style-type: none"> 2 month refund, no liability for next 3 months, deferral for 2020 CY if AU taxable wages <\$6.5m Applies to taxable wages <\$6.5m if COVID-19 impacted (Except 3 month holiday) 	<ul style="list-style-type: none"> A Land Tax rebate reducing land tax liabilities by 25% for eligible properties for the 2019-20 assessment year 3 month deferral of land tax liabilities for the 2020-21 assessment year.
VIC	<ul style="list-style-type: none"> Refund/waiver for FY20 for VIC taxable wages <\$3m Deferral for first 3 months of FY21 for taxable wages <\$3m Applies to each employer (not group) 	<ul style="list-style-type: none"> Defer 2020 land tax payment until 31 March 2021 Available to land owners with at least one non-residential property and total taxable landholdings <\$1m
WA	<ul style="list-style-type: none"> 4 month waiver if AU wages <\$7.5m in FY20 Grants of \$17,500 if AU payroll between \$1m and \$4m Threshold limit raised to \$1m in FY21 	<ul style="list-style-type: none"> COVID-19 impacted business can apply for interest-free payment arrangement and late payment penalties waived for payroll tax, transfer duty, landholder duty, vehicle licence duty or land tax.



Key State Measures of Interest

State	Payroll Tax	Land Tax & Other Tax
SA	<ul style="list-style-type: none"> 6 month waiver (Apr-Oct 20) if AU grouped wages <\$4m 6 month deferral if AU grouped wages >\$4m if significant impact on cash flow from COVID-19 	<ul style="list-style-type: none"> 6 month deferral of land tax FY21 land tax Transition Fund relief increased from 50% to 100% for increases in land caused by new aggregation rules between \$2,500 and \$102,500
ACT	<ul style="list-style-type: none"> 6 month waiver if AU grouped wages <\$10m to 1 July 2022 	<ul style="list-style-type: none"> N/A
NT	<ul style="list-style-type: none"> Hiring resident employees exemption extended to 1 July 2021 	<ul style="list-style-type: none"> N/A
TAS	<ul style="list-style-type: none"> Waiver for entire FY20 if AU group wages <\$5m and impacted by COVID-19 One year rebate for approved employers who employ new youth employees btw 1 Apr 20 and 31 Dec 20 	<ul style="list-style-type: none"> Waiver of land tax on commercial property for FY21 where business owner is liable for land tax and its business is COVID-19 impacted Discretionary relief from land tax on hardship grounds to defer outstanding land tax to 30 Jun 20, with no interest imposed on FY20 land tax debt.



A high-angle, over-the-shoulder shot of a man working on a white car. The man is wearing a white t-shirt, blue jeans, a blue baseball cap with "COLORADO / MALIBU" and "FALL THROTTLE" text, and work boots. He is sitting on a red stool, using a blue and black power drill on the side of a white car door. The car is parked on a dark, possibly wet, surface. The text "Case Studies" is overlaid in white on the left side of the image.

Case Studies

Case Study – South Australia

Background Facts

- 3 Service Centre Businesses
- Common Ownership but not grouped for tax (separate companies)
- Total Turnover < \$50m
- Subject to SA Payroll Tax
- Business Premises Leased from Related Parties
- Total employees 14 (split across businesses), wages < \$4m
- One apprentice per business (total 3) all employed on or before 1 March 2020
- 3 casuals which are utilised across the service centres

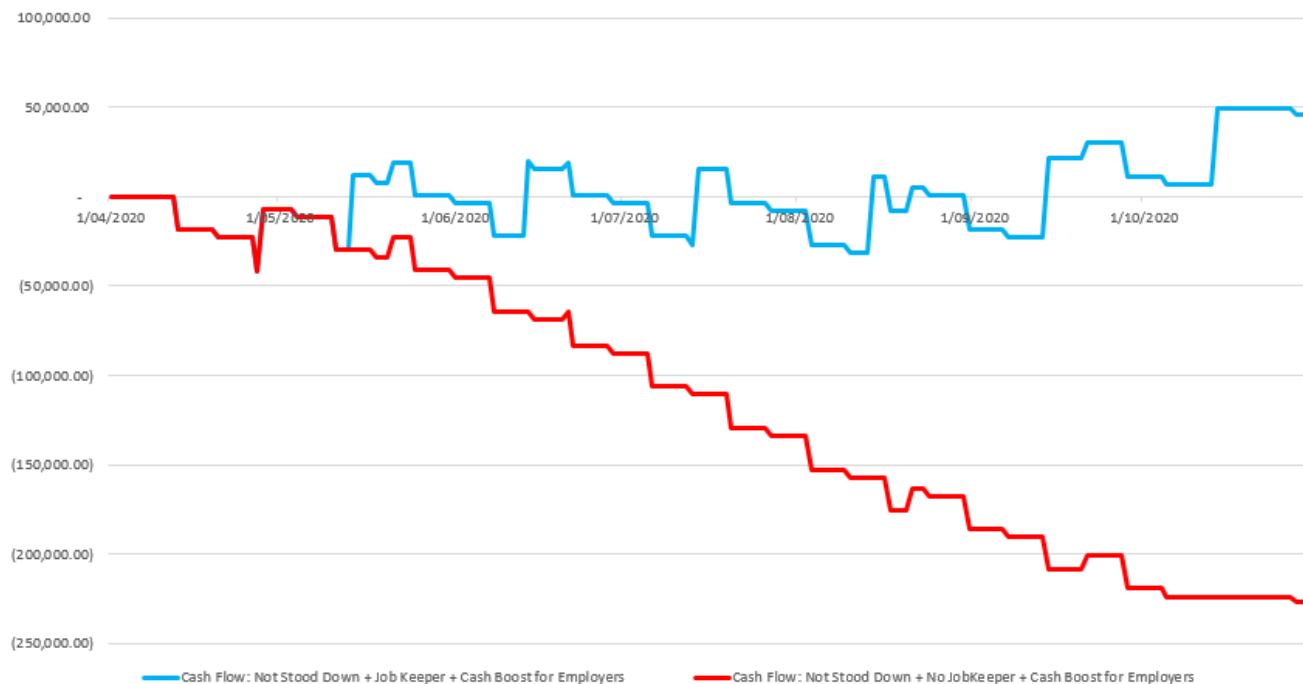
Stimulus Eligibility

- JobKeeper Payment eligibility dependent on meeting criteria (payroll tax exempt in SA)
- Cash Flow Boost eligible for first and second boosts in each company as separate employers
- Payroll Tax waiver for 6 months (March to August 2020) in SA, no requirement to register as < \$4m in wages
- Rent free period for related party rent even for SMSF for a 25% land tax relief (if JobKeeper available)
- Less than 20 employees so eligible for apprentice subsidy for 3 apprentices



Case Study – South Australia

Stimulus Impact on Cash Flows



Case Study – Queensland

Background Facts

- 4 Branches (3 in QLD & 1 in NSW) in 1 Company
- Annual Turnover < \$50m (approx. \$15m)
- Subject to QLD & NSW Payroll Tax
- 40 Employees (29 in QLD & 11 in NSW)
- 4 Apprentices
- 3 Casual Staff (2 still at school)
- All casuals & apprentices paid < \$1,500 per fortnight
- Commercial premises for 3 sites owned directly by the company (with debt)

Stimulus Eligibility

- JobKeeper Payment eligibility dependent on meeting criteria
- Cash Flow Boost eligible for first and second boosts but only once as branches in same entity
- QLD Payroll Tax refund for 2 months, no liability for 3 months and deferral for remaining calendar year as Australian grouped wages < \$6.5m
- NSW Payroll Tax waiver of 25% + 3 months deferral as Australian grouped wages < \$10m
- > 20 employees; not eligible for apprentice subsidy
- Limited availability of Land Tax relief
- Approach bank for repayment deferrals



Case Study – New South Wales

Background Facts

- Sole Trader business in country NSW
- 4 employees (including spouse)
- Spouse receives \$700 per fortnight
- Business operated through leased premises
- Turnover < \$2m
- No Payroll Tax
- No Apprentices

Stimulus Eligibility

- JobKeeper payment eligibility dependent on meeting criteria
- JobKeeper top-up payment required for spouse
- Sole trader entitlement to JobKeeper based on business participation eligibility (no wage condition)
- Issue may arise if sole trader also takes on a part-time role as an employee somewhere else
- Will be eligible for Cash Flow Boost for first and second boosts as a sole trader
- Negotiate rent relief with the landlord based on leasing principles in national code of conduct
- Working capital funding



Discretionary Grants

A photograph of a male worker in a blue and black uniform and cap, wearing black gloves, operating a large industrial machine in a factory setting. The machine has a large cylindrical component. The background is filled with industrial equipment and structures, creating a sense of a busy manufacturing environment.

Discretionary Grants – longer term measures

- Government Departments are being overwhelmed
- Industry Associations/Representative Bodies are key conduit
- Wait to see what the immediate measures can't fix – where are the market failures?

How can you work with your Association?

- Scenario Planning: your business
- Scenario Planning: supply chain impacts upstream and downstream
- Economic Impact Analysis
- Best 'bang for buck' actions?




Further Resources

Resilience Wheel

1. Cash Management
2. Contingency Planning
3. Stakeholder Management
4. People
5. Setting up a crisis management team





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Responding to Coronavirus COVID-19

The Coronavirus COVID-19 situation continues to evolve and the advice to businesses on how to respond is constantly being updated.

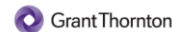
[Find out more](#)



The Resilience Wheel:

where to focus your business in stressed or distressed conditions.

With the rising impact of COVID-19 being seen in Australia and worldwide, all industries will face significant and cashflow. The right response you and your business face. How stress or distress, we recommend management of cash.



Our Resilience Wheel outlines five key considerations for businesses with cash management at the centre.

1 Cash management: the most critical issue for businesses

Take steps to retain cash in the business. This may include actions to:

- stretch or defer supplier payments;
- negotiate on obtaining or partial or full payment due discounts and terms where possible;
- manage idle cash from other facilities into your working account, or draw down on availability in your banking;
- negotiate with customers for them to pay early, by 10% discount or other concessions;
- understand what Federal and State stimulus package available to you.

Short to medium term cash forecasting is essential. Now more than ever you must have a robust financial to minimum expectation for most businesses should be a 1% daily (or even weekly) forecast, monthly other than to the 2020 Profit & Loss and cash flow should be integrated a business reforecast.

You must test assumptions for reasonableness, providing the outputs, and conducting sensitivities for key variable downside scenarios.

Stakeholders who are contemplating providing financial will not be able to support everyone to the same level. It is critical you understand by a strong financial forecast, comfort and clarity to the stakeholders, thereby maximise opportunity to access the necessary funding support.

Stimulus Matrix- Important updates

7 April 2020

There have been a number of stimulus packages announced and state level in order to cushion the coming blow to or provide a bridge to help as many businesses and individuals come out the other side. Below is an overview of the organisations need to be aware of, as well as some optimisation opportunities that should be considered in environment.



COVID-19 business checklist

March 2020



The Grant Thornton Panellists



Jacky Millership

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Jacky has over 30 years' consulting experience in international trade development and Government Program facilitation. She leads Grant Thornton's B2G (Business to Government) team, which specialises in assisting business to fully leverage the very diverse range of grants and incentives available at both State and Federal level.

Over the last 10 years the B2G team has demonstrated an outstanding track record of successfully obtaining highly contestable discretionary funding for clients across a large range of industry sectors.

The B2G team works with industry clients to identify the best Government programs to leverage their position, the preparation of formal funding applications and conducting the compliance reporting and monitoring required under many Government programs.



Peter Parsons

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With almost 20 years' of experience providing taxation solutions to privately owned businesses Peter plays a key role in assisting to develop client growth, transition and exit planning solutions that are appropriately aligned with the key stakeholders' objectives.

Throughout his career, Peter has actively engaged with his clients to gain a deep understanding of their goals to ensure that the assistance provided is tailored specifically to their needs and circumstances.

Peter ensures that client affairs are appropriately structured and operate efficiently without compromising their flexibility in an ever-changing and dynamic economic environment.



Paul Banister

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Paul leads our Tax division in Brisbane and has over 30 years' experience working with clients in an array of industries to help them navigate through complex and potentially risky tax and commercial issues, including to address tax disputes.

His expertise includes domestic and international tax planning, transaction advisory and support, superannuation structuring and advice, succession planning and estate planning. He has also prepared expert witness reports in taxation matters.

Paul works with his Grant Thornton colleagues nationally to focus on helping businesses and their owners optimise their tax positions.

He has also provided strategic support to member firms across the Grant Thornton international network to assist their development and alignment with our global vision and strategy.

Paul has presented at many professional and business forums, both in Australia and internationally. He is also a contributing author to Thomson Reuter's Financial Planning Handbook.

About Grant Thornton



US\$4.8bn

Global Turnover (FY 2016)



40,000

People Globally



Over 130

Countries



1,160

People Nationally



6

Offices Nationwide

