



LA PARTNERS

your partner in business

COVID-19 BUSINESS CHECKLIST

6 April 2020



With the impact the Covid-19 is having on businesses and personal lives, it is important to plan ahead, know what government support is available and how you can assist other people and businesses during the next few months to ensure we all get to the other side as soon as possible.

It is important that businesses are clear, carry out actions and stay positive during this difficult period. By leading your business through this unprecedented times, regularly communication with your supply chain to ensure your material/service supplies are in control, keep your staff informed around your plans and regularly communicate with you clients to keep them updated.

Ensure you are well positioned to be ready to get on with normal business and scale up on catch up activities when we all get to the other side.

Below is a checklist for the essential actions you should undertake for your business:

1. **Register** an intention to apply on the ATO website:

- Provide the ATO with information on the employees that are eligible to receive the payment. (Single Touch Payroll data will be used to pre-populate the employee details for most businesses)
- Ensure that each eligible employee receives at least \$1,500 per fortnight (or \$750 per week) before tax (employees that do not receive this minimum payment must be paid a top-up)

[Click here to Register](#)

- Notify all eligible employees that they are receiving the JobKeeper Payment

2. **JobKeeper – Wages Subsidy** – \$750 per week per employee

This assistance will help businesses to keep people in their jobs and re-start when the crisis is over. For employees, this means they can keep their job and earn an income – even if their hours have been cut.

The Government will provide \$750 per week per employee for up to 6 months. The JobKeeper Payment will also be available to the self-employed.

Payments will be made to the employer monthly in arrears by the ATO, with first payment due 1 May 2020 from the Tax Office.

- Initially, employers can register their interest on the link below for the JobKeeper Payment via The Australian Taxation Office (ATO) from 30 March 2020
<https://www.ato.gov.au/general/gen/JobKeeper-payment/>

[Click here for full JobKeeper Payment details and eligibility](#)

3. Ensure your business maximises the Tax **Waiver** of **PAYG Withholdings Tax** of \$100,000 (tax withheld from staff wages not required to be paid to Tax Office).

Provided by a waiver of PAYG Withholdings Tax in two tranches via Business Activity Statements (BAS/IAS) or refund if no wages are paid:

- a) \$50,000 (1/1/2020 to 30/6/2020) **waiver** or a minimum of \$10,000 refund (if no wages are paid);
 - b) \$50,000 (1/7/2020 to 31/10/2020) **waiver** or a minimum of \$10,000 refund (if no wages are paid).
- Get in touch with LA Partners before completing your monthly or quarterly BAS to ensure you maximise the benefits under this cash relief package or if you are unsure about your payroll structure.

[Click link here for more information](#)

4. **Apprentice & Trainees Support** – Wages subsidy up to \$21,000

- Apply for wages assistance to retain your Apprentices or Trainees

Subsidise Wages up to 50% of Wages for up to \$7,000 per quarter (March-20 Quarter, June-20 Quarter and September-20 Quarter)

[Click link for further information](#)

5. **Capital Write Off** – Up to \$150,000

Instant asset writer off for businesses purchasing Plant, Equipment and Motor Vehicles

[Click here for more information](#)

6. **Business Loans** funding from various Government levels:

- Apply for the \$250,000 loans announced by the Federal Government as part of the stimulus package.

Even if you don't need the loan just yet, apply and put it to the side in case you do need it in the coming months. The criteria to qualify for the loan hasn't been specified and will likely be treated differently by the different banks. What we do know is the government is trying to remove the red tape to make it as easy as possible to obtain these loans.

The Government will provide eligible lenders with a 50% guarantee for loans with the following terms:

- a) Maximum total size of loans of \$250,000 per borrower.
- b) The loans will be up to three years, with an initial six-month repayment holiday.
- c) The loans will be in the form of unsecured finance, meaning that borrowers will not have to provide an asset as security for the loan

- Apply for up to \$250,000 Interest-Free Loans from Queensland Government – Queensland COVID-19 Jobs Support Loans

The Queensland Government announced on Tuesday, 17 March a new \$500 million loan facility, interest-free for the first 12 months, to support Queensland businesses impacted by COVID-19 retain employees and maintain their operations.

The \$500 million concessional loan facility will comprise low-interest loans of up to \$250,000 for carrying on finance with an initial 12-month interest-free period for businesses to retain staff.

[Click link here for more information](#)

7. **Manage ATO Payments** through the announced series of payment deferral concessions for businesses directly impacted by COVID-19:

Please be aware that this is not a reduction in the debt but just a delay of the payment. Therefore, any cash flow saving should be put aside where possible to be used if needed to keep the business afloat or to pay back to the ATO once you have navigated through this issue.

The ATO assistance is not automatic, contact LA Partners and we will approach the ATO to request assistance. If eligible, the ATO will 'tailor' the assistance package for you.

The payment deferral concessions 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, fringe benefits tax assessments and excise duty;
 - b) 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;
 - c) 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;
 - d) Remitting any interest and penalties, incurred on or after 23 January 2020, that have been applied to tax liabilities;
 - e) Allowing affected businesses to enter into low-interest payment plans for their existing and ongoing tax liabilities.
8. **Build a Cash Flow forecast** for the next 12 months and keep updating every month as you get more data.

- Get your last 12 months accounts from your accounting software and calculate you average monthly cash flow in and cash flow out

- Factor in a drop in gross income of between 20-80%, or more, depending on your business

- Ensure your variable expenses are adjusted with your revenue (eg cost of sales)

- Understand what the drop in revenue would have on your current trading conditions

- Review all of the excess expenses in your business and decide which need to be cut.

- a) Go through every expense account and remove any non-essential expenses
- b) Find ways to negotiate and reduce other expenses

- Review your wage structure and ensure you are maximising the \$100,000 Cash Relief from the stimulus package. If your payroll is not structured correctly you will miss out on this benefit.

Get in touch with LA Partners before completing your monthly or quarterly BAS to ensure you maximise the benefits under this cash relief package or if you are unsure about your payroll structure.

See Annexure A attached "Cash Flow Forecast - Case Study".

9. Freezing Loan Repayments

- Review all current debts and negotiate with banks to refinance or stop repayments where applicable. As mentioned, this is not a reduction in debt but merely a delay of the repayments so don't spend this money unnecessarily, instead keep it aside to assist in navigating the current situation. Once you are in a secure position you can make the additional repayments back to the bank if possible.

10. Rent Assistance

Rent for the majority of businesses is one of the largest overhead expenses. By getting assistance with this expense will greatly assist your cash flow.

- Touch base with your landlord and try to negotiate a rent-free period, reduced or deferral rent period
 - a) Ensure the landlord is aware the government is supporting the banks in freezing loans so they can contact the bank and freeze the loan for a period, so they are not feeling the pain also.
 - b) Each landlord will have a different situation so you will need to work to their individual circumstances to get a result that works for both of you.
 - c) Keep aside any rent saving here that you can avoid spending. Once you are in a secure position you can make the additional rent repayments back to the landlord if possible.

[Click here for more information](#)

11. Managing Staff

- Review your team and roster to ensure you are not overstaffed.
- If you do have under-performing staff who don't necessarily align with the business culture, now is the time to let them go.

It takes a lot of time and investment to build a good team and organisational culture so try to prevent disrupting that by letting go of employees too quickly.

- Communicate early and communicate often. Remember your team is going to be facing the same fears you are in the current climate so try to help them through.
- Where possible try to hold on to as many people as possible and try to split the burden, e.g. reduction of wages.

Click the following two links for more information from a HR perspective:

- [Fair Work](#)
- [Information from HR Consultant – Margaret Goody \(MD - Akyra Strategy & Development\)](#)

12. Business Marketing

- Create a Marketing Plan for the next 12 months put actions into place.

Rather than being negative and defensive during these times, use the time effectively to strategize and be on the offensive in targeting opportunities now and when we get to the other side.

- a) Create video content about your message/s
- b) Build your personal brand
- c) Build your business brand
- d) Create and share content on social media
- e) Write Articles
- f) Engage via Video Conferencing with Business Contacts, Client Opportunities and Suppliers
- g) Turn your business networking meetings into Zoom meetings

13. Getting your Business house in order:

Use yours and your staff time effectively during the next few months to do all those things you were looking at doing but time restricted you:

- Product R&D
- Document your Operations - Operations Manual
- Re-organising the business's internal layout

If you would like assistance with any of the checklist items above, or if you have some questions you would like answered, get in touch with LA Partners.

See our following links for more information and updated information as government releases the various assistance initiatives:

- [Luis Aleixo \(Managing Director\) – LA Partners\) – Facebook](#)
- [LA Partners – LA Partners\) – Facebook Page](#)
- **LA Partners – Strategic Accountants (General Group) – Facebook Private Group** (for LAP Clients and Friends) - Send a Facebook Friend request to “Luis Aleixo” for interest to join this Facebook Private Group.

An overview was posted on our social media platforms as per information as at 3 April 2020.

See link: [“What does the Government Assistance mean to your business?”](#)

Please stay safe and continue to do all the right hygiene actions so we all can beat this terrible virus.

*By: Luis Aleixo (Managing Director)
LA Partners – Strategic Accountants*

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Phone: + 61 7 3010 9285 | Fax: + 61 7 3112 4177 | Email: info@lapartners.com.au | Web: www.lapartnersaccountants.com.au
Level 5, 320 Adelaide Street, Brisbane QLD 4000 | GPO Box 804, Brisbane QLD 4001 | ABN: 76 147 640 864

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“Cash Flow Forecast - Case Study”

Cash Summary Demo Company (AU) For the month ended 30 April 2020 Including GST													
	Cash Flow Forecast - 12 months												
	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Total
Income													
Interest Income	37.05												97
Sales	7,095.00		7,000	6,000	5,000	2,000	2,000	4,000	4,000	9,000	12,000	14,000	82,095
Jobkeeper - Wages Subsidy (GST Free)		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	33,000
Apprentice/Trainer Wages Subsidy (GST Free)													
Total Income	7,192.05	10,000	3,000	6,000	5,000	5,000	7,000	7,000	7,000	12,000	15,000	17,000	115,192
Less Operating Expenses													
Advertising	-				3.30								0
Bank Fees	300.00				82.88								300
Cleaning	-				85.25								0
Consulting & Accounting	-				26.35								54
Entertainment	-				63.30								0
General Expenses	900.00				225.00								900
Legal expenses	4,500.00				1,125.00								4,500
Light, Power, Heating	331.10				260.15								331
Motor Vehicle Expenses	553.85				241.71								560
Office Expenses	75.30				392.13								76
Printing & Stationery	-				43.63								0
Rent	-				1,532.81								0
Telephone & Internet	-				52.35								0
Travel - National	-				127.09								0
Wages and Salaries	-				10,050.00								10,000
Superannuation	-				954.75								950
PAYG Withholdings Payable	-				2,260.50								11,400
					(2,261)								(2,261)
Total Operating Expenses	6,720.75				8,630								8,630
Operating Surplus (Deficit)	471.30				(630)								4,197
Plus Non Operating Movements													
Office Equipment	-				6,300.00								(6,300)
Less Accumulated Depreciation on Office Equipment	-				-								0
Loan Repayments - Business Loan	-				206.25								0
Loan Repayments - Equipment Loan	-				0								0
Loans Received from Government Assistance	-				50,000								50,000
Drawings	-				-								-
Total Non Operating Movements	6,300.00				(1,322.50)								43,070
Net Cash Movement	6,458.70				(630)								47,267
Summary													
Opening Balance	\$4,255.40		33,107	40,418	40,728	40,039	36,349	32,660	30,970	29,281	32,591	36,902	43,212
Plus Net Cash Movement	\$6,458.70		1,311	311	(630)	(3,630)	(1,630)	(1,630)	(1,630)	(3,311)	4,311	6,311	8,311
Closing Balance	\$4,203.30		40,418	40,728	40,039	36,349	32,660	30,970	29,281	32,591	36,902	43,212	51,523