

# BUSINESS UPDATE

September 2020

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## Clarification of JobKeeper 2.0 rules released

The Federal Treasurer has released the legislative instrument to JobKeeper 2.0 to which the ATO will administer the extended program from 28 September 2020 until 28 March 2021.

Businesses and not-for-profits seeking to claim JobKeeper Payment will be required to re-assess their eligibility for the JobKeeper extension with reference to their actual decline in turnover for the quarter applicable to the fortnight.

JobKeeper 2.0 turnover eligibility measure:

If 2020 quarter turnover is less than 2019 quarter turnover, then:

Quarter of decline in turnover	Comparable Quarter of turnover	Applicable JobKeeper payment fortnight
Quarter ending 30 September 2020	Quarter ending 30 September 2019	Between 28 September 2020 and 3 January 2021 (inclusive)
Quarter ending 31 December 2020	Quarter ending 31 December 2019	Between 4 January 2021 and 28 March 2021 (inclusive)

The level of turnover decline required to meet the above eligibility:

- 50 per cent for those with an aggregated turnover of more than \$1 billion;
- 30 per cent for those with an aggregated turnover of \$1 billion or less; or
- 15 per cent for Australian Charities and Not-for-profits Commission-registered charities (excluding schools and universities).

A number of additional determinations were registered on 16 September. They relate to

- When qualifying criteria varies across periods
- Timing of Supplies Made and Decline in Turnover Test
- Higher rate determination
- Alternative Reference Period Determination

Our team are analysing each update as they come in. To help you fully understand the turnover tests and how JobKeeper 2.0 eligibility will be applied, please contact your Accounting Services Director or Manager.

### JobKeeper Payments in July/August

In the context of JobKeeper being paid to employers on a fortnightly basis, in July or August, employers who received JobKeeper would have received three JobKeeper payments in the relevant month, that is, \$4,500 per employee. You must ensure that for each employee eligible for JobKeeper they are paid at least \$4,500 in that month.

Please call your Accounting Services Director or Manager to discuss further as needed.

This is issued as a helpful guide to clients and for their private information. Items herein are general comments only and do not constitute or convey advice per se. Additionally changes in legislation may occur quickly. We recommend that our formal advice be sought before acting in any of these areas. Hall Chadwick Melbourne Pty Ltd A.B.N. 88 081 186 450. All rights reserved. Liability limited by a scheme approved under Professional Standards Legislation.

## Third round of Business Support Fund grants

The Victorian Government has pledged an additional \$3 billion economic stimulus in cash grants and tax relief to support Victorian businesses as they navigate through hard lockdown and on to COVID Normal business conditions for sometime after 23 November 2020.

### Business Survival Package

#### Small and Medium businesses

New grants range from \$10,000 to \$20,000 depending on the business's annual payroll.

An eligible business will receive:

- \$10,000 if its annual payroll is less than \$650,000
- \$15,000 if its annual payroll is between \$650,000 and \$3 million
- \$20,000 if its payroll is between \$3 million and \$10 million.

The package also includes grants up to \$20,000 for Business Chambers and Trader Groups, and Alpine Businesses. Licenced hospitality venues may apply for grants of between \$10,000 and \$30,000.

#### Applications open from Friday 18 September.

More about this at [business.vic.gov.au](https://business.vic.gov.au).

### Business Adaptation Package

#### Assistance to adopt online business models

The government will invest \$44m, including \$20m for small businesses to access eCommerce software such as Shopify or Squareonline, training and workshops designed to help businesses adopt online sales models.

#### Additional resources for Click for Vic

An additional \$8.5m will be spent on marketing, advertising and expanding Click for Vic, a state initiative bringing together a selection of Victorian restaurants, cafes, bars, producers, growers, and artisans in an online consumer platform.

#### Export recovery package

The government will launch a \$15.7m export recovery

package to address logistics and supply chain issues caused by the pandemic and establish new export channels. Businesses will be connected to international markets through virtual trade missions as well as assistance to adapt their export strategies to respond to the rapidly changing global market.

### Waivers and deferrals

- Government will now defer payroll tax for businesses with payrolls up to \$10 million for the full 2020-21 financial year
- The 50 per cent stamp duty discount for commercial and industrial property across all of regional Victoria will be brought forward to 1 January 2021
- Defer the planned increase in the landfill levy for six months
- Waive 25% of the Congestion Levy this year, with the outstanding balance deferred
- Liquor license fee waived for 2021
- Waive Vacant Residential Land Tax for vacancies in 2020.

## Binding orders on rent relief coming for Victorian landlords

The Victorian Government is seeking increased legislative powers to extend rent relief and provide a framework for dealing with disputes between landlords and tenants. In particular, to allow for binding orders to be made on landlords to give specified rent relief. The Bill is awaiting royal assent.

Read more [here](#).

## Reforms to Export Market Development Grants (EMDG)

The Export Market Development Grants (EMDG) scheme will be simplified and reoriented from a scheme providing assistance through reimbursement after expenditure to an upfront grant agreement, giving eligible exporters funding certainty before they embark on their marketing and promotion activities.

In the reoriented EMDG program, multi-year grants will be available for eligible SMEs at three stages of their export journey:

- Eligible SMEs who are new to export will be able to access grants totalling up to \$80,000 over two years.
- For eligible exporters who plan to expand their presence in current markets or enter new markets, grants totalling up to \$240,000 over three years will be available.
- Finally, those exporters who continue to expand into new markets will be able to access further grants totalling up to \$450,000 over three years.

Reminder this year's grant closes  
midnight 30 November 2020

To be eligible for the EMDG program, SMEs will need to be export-ready and have a turnover of less than \$20 million.

The new scheme is intended to commence on 1 July 2021 once the new legislation has passed Parliament and associated rules are in place.

Read more at [austrade.gov.au](http://austrade.gov.au).

## Board of Tax review update – corporate tax residency rules

The Board of Taxation has submitted its report on the corporate tax residency rules to the government finding that the rules determining the tax residency of a foreign incorporated company require urgent reform. It said that its recommendations would operate appropriately in the context of modern board practices and Australian international tax integrity rules.

## Increase in SMSF allowable members in new legislation

The Treasury Laws Amendment (Self-Managed Super Funds) Bill 2020 proposes to increase the maximum number of allowable members in self-managed superannuation funds from four to six.

The momentum for this change comes from families with more than 4 members who use SMSFs as an instrument to manage savings and strategies.

The Bill has been referred to the Senate Economics Legislation Committee for inquiry and report by 4 November 2020.

## Extensions to insolvency protections

The temporary changes to the creditors' statutory demand and insolvent trading laws announced in March have been extended from 25 September to 31 December 2020.

The temporary changes in place until 31 December 2020 include:

- the threshold at which creditors can issue statutory demands to a company is \$20,000 (was \$2,000)
- the threshold at which creditors can initiate bankruptcy proceedings against a company is \$20,000 (was \$5,000)
- the time companies have to respond to statutory demands and bankruptcy notices 6 months (was 21 days)
- relief for directors from any personal liability for insolvent trading.

Read more [here](#).

## Advisory Boards: A fresh set of eyes

Advisory boards have become increasingly prevalent over the last decade or so as business operators seek expertise that is not currently within their current boardroom or as organisations deal with growth and seek to remain competitive in an increasingly demanding business environment.

Many family owned and SMEs businesses have a stable executive team. Whilst this can have undoubted benefits in terms of culture, it can also lead to a stagnation in ideas and innovation with the mentality "that is always how we've done it here" prevailing. In the most extreme cases this phenomena, can end up being a competitive drag and lead to missed opportunities and reduced market share.

The use of an effective advisory board is an effective protection against this possibility.

Read this edition of [In Focus](#).

**Let's stay connected.** We can't be in the office but we continue to be here for you. Our team are working safely and securely in their virtual office locations. Please email your Accounting Services Director or Manager or call **+61 3 9820 6400**.