

# It's Christmas Time!

## Thanking your staff and clients for another great year?

Will it be Santa or the Grinch joining you in the festive celebrations? This festive chart will help you to navigate the fringe benefits tax minefield...



Is FBT still giving you a headache (or is that just too much champagne?). Get in touch with Prescott Business Solutions to discuss how FBT may impact your business [hello@prescottsolutions.com.au](mailto:hello@prescottsolutions.com.au) or 08 6118 6111.

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# Director Identification Number

From today, 1st November 2021, a director of an Australian corporation will need a director identification number ("ID").

## What is a director ID?

The director ID is a unique identifier for each director who has verified their identity with the Australian Business Registry Services. You will only need to apply for this ID number once, and keep it forever. It will be applicable to all directors of Australian companies and registered bodies.

There are transitional rules in place to allow time for existing and new directors to apply for the ID number. The relevant dates are below:

- Directors appointed prior to 31 October 2021 will have until 30 November 2022 to apply.
- Directors appointed between 1 November 2021 and 4 April 2022 must apply within 28 days of their appointment.
- Directors will need to already have applied for an ID for any new appointments from 5 April 2022 onwards, so if you are planning on becoming a director, you can apply before you are appointed

## How do I apply?

The [Australian Business Registry Services](#) will be administering the director ID's, and you will need to [apply](#) for your own. There are three steps to follow:

Step 1 – Set up myGovID

Step 2 – Gather your documents

Step 3 – Complete your application

You can [apply for a director ID now](#).

## Who doesn't need a director ID?

You will **not** require a director ID if you are:

- a company secretary but not a director
- acting as an external administrator of a company
- running a business as a sole trader or partnership
- referred to as a 'director' in your job title but have not been appointed as a director under the Corporations Act or the CATSI Act
- a director of a registered charity with an organisation type that is not registered with ASIC to operate throughout Australia
- an officer of an unincorporated association, cooperative or incorporated association established under state or territory legislation, unless the organisation is also a registered Australian body.

## Existing Directors

For existing directors, your details with ASIC will need to be updated for each company you are a director of by November 2022. So when you apply for the directors ID please send it through, and we will let you know what needs to be done to update ASIC.

## Help and Support

If you want to discuss whether you should apply for a director ID, please feel free to contact our office on 08 6118 6111 or email [hello@prescottsolutions.com.au](mailto:hello@prescottsolutions.com.au)

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# Recruiting new employees? The 1 November superannuation rule changes

When your business hires a new employee, the Choice of Fund form is used to identify where they want their superannuation to be directed. If the employee does not identify a fund, generally the employer directs their superannuation into a default fund.

From 1 November 2021, where an employee does not identify a fund, the employer is required to contact the ATO and request details of the employee's existing superannuation fund or 'stapled' fund (the fund stapled to them). The request is made through the ATO's online services through the 'Employee Commencement Form'.

If the ATO confirms no other fund exists for the employee, contributions can be directed to the employer's default fund or a fund specified under a workplace determination or an enterprise agreement (if the determination was made before 1 January 2021).

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# What happens to your superannuation when you die?

Superannuation is not like other assets as it is held in trust by the trustee of the superannuation fund. When you die, it does not automatically form part of your estate but instead, is paid to your eligible beneficiaries by the fund trustee according to the rules of fund, superannuation law, and the death nomination you made.

## Death nominations

Most people have a death nomination in place to direct their superannuation to their nominated beneficiaries on their death. There are four types of death benefit nominations:

**Binding death benefit nomination** – Putting in place a binding death nomination will direct your superannuation to whoever you nominate. As long as that person is an eligible beneficiary, the trustee is bound by law to pay your superannuation to that person as soon as practicable after your death. Generally, death benefit nominations lapse after 3 years unless it is a non-lapsing binding death nomination.

**Non-lapsing binding death benefit nomination** – Non-lapsing binding death nominations, if permitted by your trust deed, remain in place unless the member cancels or replaces them. When you die, your super is directed to the person you nominate.

**Non-binding death nomination** – A non-binding death nomination is a guide for trustees as to who should receive your superannuation when you die but the trustee retains control over who the benefits are paid to. This might be the person you nominate but the trustees can use their discretion to pay the superannuation to someone else or to your estate.

**Reversionary beneficiary** – if you are taking an income stream from your superannuation at the time of your death (pension), the payments can revert to your nominated beneficiary at the time of your death and the pension will be automatically paid to that person. Only certain dependants can receive reversionary pensions, generally a spouse or child under 18 years.

**If no death benefit nomination is in place** – If you have not made a death benefit nomination, the trustees will decide who to pay your superannuation to according to state or territory laws. This will often be a financial dependant to the legal representative of your estate to then be distributed according to your Will.

## **Is your death benefit valid?**

There have been a number of court cases over the years that have successfully contested the validity of death nominations, particularly within self managed superannuation funds. For a death nomination to be valid it must be in writing, signed and dated by you, and witnessed. The wording of your nomination also needs to be clear and legally binding. If you nominate a person, ensure you use their legal name and if the superannuation is to be directed to your estate, ensure the wording uses the correct legal terminology.

## **Who can receive your superannuation?**

Your superannuation can be paid to a SIS dependant, your legal representative (for example, the executor of your will), or someone who has an interdependency relationship with you.

A dependant is defined in superannuation law as ‘the spouse of the person, any child of the person and any person with whom the person has an interdependency relationship’. An interdependency relationship is where someone depends on you for financial support or care.

## **Do beneficiaries pay tax on your superannuation?**

Whether or not the beneficiaries of your superannuation pay tax depends on who the superannuation was paid to and how. If your superannuation is paid as a lump sum to a tax dependant, the superannuation is tax-free. The tax laws have a different definition of who is a dependant to the superannuation laws. A tax dependant for tax purposes is your spouse or former spouse, your child under the age of 18, or someone you have an interdependency relationship with. Special rules exist if you are a police officer, member of the defence force or protective service officer who died in the line of duty.

If your superannuation is paid to your estate, the tax laws use a 'look through' approach when superannuation death benefits are distributed to the deceased's legal representative. This involves determining whether the final recipient of the superannuation is a dependant or a non-dependant of the deceased.

If the person is not a dependant for tax purposes, for example an adult child, then there might be tax to pay.

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## **Unwinding COVID-19 Relief**

**COVID-19 support will roll back as states and territories reach vaccination targets.**

The National Plan, the road map out of COVID-19, does more than provide greater freedoms at 70% and 80% full vaccination rates, it withdraws the steady stream of Commonwealth financial support to individuals and business impacted by

COVID-19 lockdowns and border closures. We look at the impact and the support that remains in place.

## **For individuals**

The COVID-19 Disaster payment offered a lifeline to those who lost work because of lockdowns, particularly in the ACT, New South Wales, and Victoria where the Delta strain of the virus and long-term lockdowns had the greatest impact.

In late September, the Treasurer announced that the Disaster Payment will roll back as states and territories reach vaccination hurdles on the National Plan. Over \$9 billion has been paid out to date on Disaster Payments and at 70% and 80% full adult vaccination, the disaster, apparently, is over.

### **At 70% full vaccination in your state or territory**

In the first week a state or territory reaches 70% full adult vaccination, the automatic renewal that has been in place will end and individuals will need to reapply each week that a Commonwealth Hotspot remains in place to confirm their eligibility. The COVID-19 Disaster payment will not necessarily end, but anyone currently receiving the payment will need to reconfirm that they meet the eligibility criteria, including living or working in a Commonwealth declared hotspot.

Given that the time gap between 70% and 80% full vaccination might be as little as two weeks in some regions, the impact of the 70% restrictions might be a moot point.

### **At 80% full vaccination in your state or territory**

In the first week a state or territory reaches 80% full adult vaccination, the COVID-19 Disaster Payment will phase out over a two week period before ending completely.



Trigger	Disaster payment per week
<70% vaccination*	\$750 – lost 20 hours or more for that week \$450 – lost at least 8 hours of work \$200 – on income support and have lost at least 8 hours of work
70% vaccination*	Automatic renewal ends
80% vaccination	Payment reduced from first week
Week 1	\$450 – lost at least 8 hours of work \$100 – for those on income support who have lost at least 8 hours of work
Week 2	\$320 – lost at least 8 hours of work

*\*First week population +16 years of age reaches vaccination target*

Those needing financial support will no longer be eligible for the disaster payment, regardless of whether a Commonwealth hotspot is in place, and instead will need to apply for another form of income support such as JobSeeker. Unlike the disaster payments, JobSeeker and most other income support payments are subject to [income and assets tests](#).

The Pandemic Leave Disaster Payment, for those who cannot work because they need to self-isolate or care or quarantine, or care for someone with COVID-19, will remain in place until 30 June 2022.

## Support for business

Each state and territory manages lockdown and financial support to businesses impacted by COVID-19 lockdowns and border closures differently. The way in which support is withdrawn will depend on how support has been provided and the extent of Commonwealth support.

## Australian Capital Territory

The ACT Government has distributed grants to business jointly funded with the Commonwealth. The ACT COVID-19 Business Grant was recently extended with top-up grants of \$10,000 for employing businesses and \$3,750 for non-employing businesses distributed to previous grant recipients in industries impacted by continued lockdowns. Large businesses \$2m to \$5m received an additional top-up amount of between \$10,000 and \$30,000. The Tourism, Accommodation Provider, Arts, Events, Hospitality & Fitness Grants have also been topped up with grants between \$5,000 and \$25,000 to existing recipients and the grant has been expanded to the fitness/sports sector (more information will be available mid-October).

Lockdowns eased on 1 October and are scheduled to be lifted from 15 October, with a return to normal in early to mid December 2021 (see the [pathway forward](#)). While not specified, it is expected that grants will cease at this point and instead, directed into targeted industry specific initiatives (see the [recovery plan](#)).

## New South Wales

The NSW JobSaver, which provides payments of up to 40% of weekly payroll, is jointly funded by the state and Commonwealth governments. From 13 September, businesses receiving JobSaver have been required to reconfirm their eligibility for the payment each fortnight including a 30% decline in turnover test and headcount test.

<b>JobSaver*</b>	<b>Weekly payroll</b>	<b>Min</b>	<b>Max</b>	<b>Non-employing business</b>
Current	40%	\$1,500	\$100,000	\$1,000
10 October	30%	\$1,125	\$75,000	\$750

80% full vaccination	15%	\$562.50	\$37,500	\$375
30 November	0%			\$0

*\*excludes extension program*

At 70% full adult vaccination (10 October 2021), JobSaver will reduce from 40% of weekly payroll to 30%. Then, at 80% full vaccination, the Commonwealth will withdraw funding. The [NSW Government announced](#) that it will continue to fund their portion of JobSaver up until 30 November 2021 (15% of payroll).

It is unclear at this stage of what the impact of the withdrawal of Commonwealth funding at 80% vaccination rates will mean to large tourism, hospitality, and recreation businesses.

The \$1,500 fortnightly micro-business grant, will reduce to \$750 per fortnight from 80%

full vaccination and cease on 30 November 2021.

If you are uncertain how the easing of restrictions will impact on you and your workplace, see the [roadmap](#).

## Queensland

While not significantly impacted by local lockdowns, Queensland tourism is impacted by national and international border closures. A second round of Tourism and Hospitality Sector Hardship grants have been announced although no [further details](#) are currently available.

For businesses on the border with New South Wales, a hardship grant will become available if the closure remains in place until 14 October or longer with grants of \$5,000 for employing entities and \$1,000 for non-employing entities (see [Business Queensland](#) for details). To receive the grant, you must

operate in a 'border business zone' and have received the COVID-19 Business Support Grant.

Pointedly, Federal Treasurer Josh Frydenberg has stated, "Governments must also hold up their end of the bargain and stick to the plan agreed at National Cabinet that will see restrictions ease and our borders open up as we reach our vaccination targets of 70 to 80 per cent." The Queensland Government will be under significant pressure to open borders once vaccination rates reach 80% in December and prior to the school holiday period.

## **Victoria**

The Victorian Government has distributed grants to business jointly funded with the Commonwealth. For many of these grants, funding has been topped up in line with lockdown extensions.

The small business hardship fund providing one-off grants of \$20,000 for businesses that have suffered a 70% or more decline in turnover and were not eligible for other grants or funding, will reopen (see the [BusinessVictoria](#) website for details).

The Business Costs Assistance Program will provide automatic top-ups to existing recipients across October and into the first half of November (two fortnightly payments between 1-29 October on a rising scale). Businesses that remain closed or severely restricted between 70% and 80% double dose will receive an automatic payment for the period from 29 October to 13 November.

Licensed hospitality venue fund recipients will also receive weekly top-ups in October of between \$5,000 and \$20,000, stepped according to venue capacity. Between 70% and 80% double dose, payments for licensed premises in metropolitan Melbourne will be reduced by 25%, and in regional Victoria by

50%.

Victoria is not expected to reach the 70% vaccination target until the end of October, and 80% in early to mid-November. You can find [Victoria's broad road map](#) here.

## **National**

The National Plan stipulates that state and territory borders are to reopen at 80% double vaccination in that state or territory but this will depend on health advice at the time.

Generally, international borders will reopen in states and territories at 80% double vaccination with Australian and permanent residents able to quarantine at home for 7 days. Unvaccinated travellers will need to stay in hotel quarantine for 14 days. Commercial flights will also resume for vaccinated Australians with Australia expected to implement a 'red light, green light' system similar to the UK to designate safe countries.

For other regions such as South Australia and the Northern Territory, borders are expected to reopen at 80% double vaccination but with some nuances flagged. The Western Australian Government however has stated that it will announce an easing of border restrictions once an 80% double vaccination has been achieved for those over 12 years of age.

## **SME lending options**

While there is likely to be an economic rebound when restrictions ease across the country, for many, a funding gap will remain between the assistance provided by Government grants and viable trading conditions.

The expanded [SME recovery loan scheme](#) took effect on 1 October 2021. Under the scheme, the Government will guarantee 80% of loan amounts to businesses that have been adversely impacted

by COVID-19.

The lending terms, repayment, and interest rates are set by the lenders but cannot be backed by residential property, that is, if the Government is underwriting the loan, lenders cannot ask business owners to use their home as security. However, Directors guarantees are likely to be required.

Under the scheme, lenders can provide:

- A repayment holiday of up to 24 months
- Loans of up to \$5m
- Loan terms of up to 10 years, and
- Secured and unsecured loans

The recovery loans can be used to refinance existing loans, purchase commercial property, purchase another business, or working capital. But, cannot be used to purchase residential property, financial products, lend to associated entities, or lease, rent, hire or hire purchase existing assets that are more than half way into their effective life.

The loan scheme is generally available to solvent businesses with a turnover of up to \$250m, have an ABN, and a tax resident of Australia. Loans remain subject to lending conditions and generally the lenders will look to lend to viable businesses where it is clear that they can trade their way out of the impact of COVID-19 or the assets of the business make the break-up value attractive.

If you default on your loan, you cannot simply walk away from it. The Government is guaranteeing 80% of the lender's risk not your debt. Director guarantees are still likely to be required and for many loans, it will be secured against a business asset. On the plus side, interest rates are very attractive right now and many of the lenders are providing a repayment holiday of up to 24 months and in some cases, existing debt can be bundled into the loan arrangements.

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# Growing your business value

Over the next decade, as the baby boomer bubble of small and medium sized business owners roll through the system, Australia will experience one the largest transfers of business wealth in its history.

Succession planning is more important than ever. Not just because of the transfer of wealth, but because of the polarising impact of high supply and low demand on the saleable value of a business.

Australia is expected to see the retirement age of baby boomers peak over the coming decade. The basics of the law of supply and demand suggest that as supply increases, prices will be driven downwards. For SMEs however, there is a much greater probability we will see a dramatic polarisation in the price of SMEs for sale. High quality businesses command premium prices while low quality businesses will be highly price sensitive and, in some cases, unsaleable.

If your children are not offering you a retirement strategy, selling your business can be difficult if there are not obvious competitors or complimentary businesses knocking on your door for your market share or unique offering.

Forward planning for succession is a critical issue for SME owners who want to exit their business over the coming decade. This planning, with an adequate timeframe, allows you to actively enhance the value of your business.

Most business owners have a view on what their business might be worth and the factors that influence business value. The key question then is, what do you need to focus on to enhance business value for a potential buyer? There are four key

areas: growth, capacity, profitability and risk.

## **Growth**

Buyers will generally pay a premium for a built-in level of growth. Growth, if well managed, will produce increased profits. So, a potential buyer knows that the revenue stream they are purchasing with the business, comes with a growth increment. Not only does this growth factor offer future profit increments it also insulates the business against the 'what if' factor. Any major change in a business causes a disconnect and these disconnect events can impact revenues and profits. Built in growth offers some protection against this.

## **Capacity**

Provides for both the present and capability to facilitate growth in the future. Areas where capacity needs to exist includes infrastructure, systems capability, and management capability. Systems and management are often the areas given the least amount of focus, yet they are the very areas where value can be leveraged and enhanced the most. One of the reasons why franchises command price premiums is because they offer a level of systems and management. These same factors can be built into any business.

## **Profitability**

A history of profits and strong cashflows are normally the two greatest influences on SME business value. When assessing your profitability, you need to compare yourself at two levels. First compare your performance against the top quartile of your industry sector. Top quartile businesses always attract higher valuations. Then, look outside your own business sector. Measure your Return on Investment (ROI). Buyers of your business will not only be comparing you with your industry. They may be looking for investment return more than they are looking for a specific business. So, in a potential



sale you may be competing with a business from another industry to secure your buyer. You should be looking for a ROI in excess of 25%.

## **Risk Management**

Business owners are becoming more sensitive to risk. Strong corporate governance and risk management policies will enhance business value. Buyers will be looking for a history of compliance and a risk management culture. Risk management can include the existence of current employment contracts, operating licences, customer and supplier agreements and OH&S procedures.

These four areas will normally be high on the business value hierarchy and the areas where change can most significantly impact on business value.

If business succession is on your agenda, you need to assess your business under these criteria. Where your performance or position is below what it needs to be, you can identify the issues that you need to focus on to change your business value.

This process may not simply mean the difference between an ordinary sale price and a good price. It may be the difference between a sale that releases your business capital or no sale at all.

*Talk to us about succession planning for your business that makes a difference.*

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# Are COVID-19 grants and funding tax free?

Most people would think that money provided by the Government to support people and business during a crisis would be tax free? Otherwise, it's like giving money with one hand and then taking it away with the other, isn't it?

But, the tax laws don't work like that. To make a payment tax-free, legislation is required to enable it to be classified as exempt income or non-assessable non-exempt income. In general, any income received will be assessable unless the Government has legislated for it to be tax-free. JobKeeper for example was not tax free and anyone who received it in 2020-21 will need to declare it in their income tax return.

At the Federal Government level, the Prime Minister recently announced that the COVID-19 Disaster Payment will be tax free and legislation enabling this change is before Parliament. Other payments however, such as Pandemic Leave Disaster Payment, remain taxable.

The Treasurer has also been granted the power to make State and Territory grants tax-free but only from 13 September 2020, and only if they request the Commonwealth Government to make it tax free. If you're confused, it's not surprising. The result is a mix of tax treatments depending on what support you received and from whom. To date, only a series of Victorian business grants are tax-free (but we expect more will be made tax free).

The general rule is that grants are likely to be taxable unless they are specifically excluded from tax. If the grant relates to your continuing business activities, then it is likely to be included in assessable income for income tax purposes. The position can be different in cases where the

payment is made so that the entity can commence a new business or cease carrying on a business but there will still often be some tax implications.

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## **Lockdown Support Update – August 2021**

The support available to individuals and business has been constantly evolving and changing. Here's a summary of where support stands around the country.

### **For individuals**

From 2 August 2021, the COVID-19 Disaster Payment has increased to a maximum of \$750 per week for those who have lost 20 hours of work or more, and \$450 for those who have lost between 8 and 20 hours of work. In most cases, the payment now applies from day 1 of a lockdown. In general, you need to be living in, or impacted by Commonwealth declared lockdown to receive the payment although some States have funded an extension of the payment beyond hotspot areas.

A special separate \$200 a week 'top-up' payment has been added for those currently receiving an income support payment through social security, ABSTUDY Living Allowance, Dad and Partner Pay or Parental Leave Pay in addition to their existing payment, if they can demonstrate they have lost more than 8 hours of work and meet the other eligibility requirements for the COVID-19 Disaster Payment. The payment was put in place because people receiving income support payments are not eligible for the COVID-19 Disaster payment.

# New South Wales business

In New South Wales, the following grants and payments are accessible:

- Up to \$100,000 in weekly JobSaver cashflow support payments. Payments are based on 40% of your NSW payroll payments. Eligible businesses without employees that meet the eligibility criteria (such as sole traders with no employees), can access a payment of \$1,000 per week.
- Up to \$15,000 through the expanded NSW 2021 COVID-19 business grants program
- NSW micro-business grants

The decline in turnover test required for the JobSaver, COVID-19 business and micro-business grants has been causing a lot of angst but some additional flexibility has been provided. Businesses and non-profit entities can now pass this test if they can show a decline in turnover of at least 30% due to the Public Health Order over a minimum 2-week period within the relevant test period compared to:

- The same period in 2019;
- The same period in 2020; or
- The 2-week period immediately before the start of the relevant test period.

The test period depends on which payment you are looking at:

- COVID-19 business grant: 26 June 2021 to 17 July 2021 (this is changed to 27 May 2021 to 17 July 2021 for entities on the NSW border with Victoria);
- JobSaver and the micro-business grant: 26 June 2021 until the Greater Sydney lockdown ends.

This additional flexibility is helpful for businesses that started after the comparison period in 2019 and for those that have undertaken an acquisition, disposal or restructure.

## **Queensland business**

\$5,000 Business Support Grants are available for those impacted by the lockdown from Saturday, 31 July 2021. Your business does not have to be in the local government areas locked down but needs to be impacted by it. To access the grant, you will need to show a decline in turnover of at least 30%. The grants are available to businesses with a turnover of \$75,000 or more and annual Queensland payroll of less than \$10 million. Applications open mid-August. See [Business Queensland](#) for details.

## **South Australia**

Grants of \$3,000 for employing businesses and \$1,000 for non-employing businesses are available to businesses that experienced a decline in turnover of at least 30% as a result of the health restrictions from 20 July 2021. The grants are available to those with a turnover of \$75,000 or more and Australia wide payroll of less than \$10 million. See [COVID-19 Business Support Grant – July 2021](#) for details.

## **More funding for Victorian SMEs**

There are two main streams for grants in Victoria:

- Those who qualified for the Business Costs Assistance Program Round Two or the Licensed Hospitality Venue Fund 2021; and
- Businesses that previously did not access grants

## **Existing grant beneficiaries**

If your business previously received the Business Costs Assistance Program Round Two or the Licensed Hospitality Venue Fund 2021, additional grants of \$2,800 for the Business Costs Assistance Program Round Two and up to \$20,000 for the Licensed Hospitality Venue Fund 2021 have been announced. Your business cannot retrospectively apply for these grants. See

## [Helping Victorian Businesses Who Need It Most.](#)

### **New grants**

For businesses that did not access previous grants, the [Business Costs Assistance Program Round Two July Extension](#) offers grants of \$4,800 for employing and non-employing business depending on your sector. For those in the hospitality sector, a new [Licensed Hospitality Venue Fund 2021 July Extension](#) is available offering grants of up to \$7,200 for each eligible premises. Applications for both grants close 13 August 2021.

A new Small Business COVID Hardship Fund grant of up to \$8,000 has been announced for businesses that are not eligible for existing support funding. To access the grant, your business must be severely impacted by the COVID-19 lockdowns with a decline in turnover of 70% or more. No further details are available at present.

### **Other support**

For Alpine businesses, additional grants between \$5,000 and \$20,000 will be available to 430 Alpine based businesses. See the [Alpine Resorts Winter Support Program](#) (closes 20 August 2021).

Rent relief for commercial tenants is also now in place for businesses that have suffered a decline in turnover of at least 30% as a result of COVID-19. Landlords will be required to provide proportional rent relief in line with a business's reduction in turnover and mediation is available through the Victorian Small Business Commission. A hardship fund will be established for landlords providing rent relief although no details are available as yet.

### **How to contact us**

We're available to assist you with the lockdown support for

your business.

If you need assistance, contact our office on 08 6118 6111 or email [hello@prescottsolutions.com.au](mailto:hello@prescottsolutions.com.au)

*COVID19 support packages are fast changing and the guidance is based on information available as at 10 August 2021. The material and contents provided in this publication are informative in nature only. It is not intended to be advice and you should not act specifically on the basis of this information alone. If expert assistance is required, professional advice should be obtained.*

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## **What lockdown support is available in Victoria?**

Support is available if you are impacted by the Victorian lockdowns.

### **Support for my business**

#### **Top-up support**

The Victorian Government has announced new cash grants for businesses impacted by the lockdown declared on 15 July 2021.

The cash grants will be paid automatically to businesses that successfully received a grant from the *Business Costs Assistance Program Round Two* or the *Licensed Hospitality Venue Fund 2021* (including regional businesses).

	<b>Top-up amount</b>
<a href="#">Licensed Hospitality Venue Fund</a>	\$3,000
<a href="#">Business Costs Assistance Program</a>	\$2,000

You will not need to take any further action. The grant will automatically be paid. The payment will be processed from mid-July.

## **I did not apply for the original grants but would like to apply for the top-up?**

BusinessVictoria has stated that more information is coming shortly on this question. The first step is to ensure that you were eligible for the original grants.

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## **Support for me**

There are two payments accessible to individuals: the [COVID-19 Disaster Payment](#); and, the [Pandemic Leave Disaster Payment](#).

## **How to apply for support**

You can apply for the COVID-19 Disaster Payment through your [MyGov](#) account if you have created and linked a Centrelink account. Apply for the Pandemic Leave Payment by phoning Services Australia on 180 22 66.

## **COVID-19 Disaster Payments**

The COVID-19 Disaster Payment is a weekly payment available to eligible workers who can't attend work or who have lost income because of a lockdown and don't have access to certain paid leave entitlements. If you are a couple, both people can separately claim the payment.



## Timing of the payment

The disaster payment is generally accessible if the hotspot triggering the lockdown lasts more than 7 days as declared by the Chief Medical Officer (you can find the [listing here](#)).

However, In Victoria anyone who meets the eligibility criteria will be able to access the payment from day 1 of the lockdown (15 July 2021) but the payment will not be accessible until 23 July 2021.

## How much is the payment?

The COVID-19 disaster payment amount available depends on:

- How many hours of work you have lost in the week, and
- If the payment is on or after the third period of the lockdown.

Hours of work lost	Disaster payment amount
Between 8 and 20	\$375
20 or more	\$600

The payment applies to each week of lockdown you are eligible and is taxable (you will need to declare it in your income tax return).

## Eligibility

The COVID-19 disaster payment is emergency relief. It is available if you:

- Live or work in an area that is subject to a state or territory public health order that imposes restriction on movement and is declared a Commonwealth COVID-19 hotspot, or
- Have visited an area that is a Commonwealth COVID-19 hotspot and you are subsequently subject to a restricted movement order when you return to other parts of New South Wales or interstate.

And you:

- Are an Australian citizen, permanent resident or temporary visa holder who has the right to work in Australia, and
- Are aged 17 years or over, and
- Have lost 8 hours or more of work or a full day of your usual work as a result of the restrictions – losing work includes being stood down by your employer, not being assigned any shifts for the week of restrictions and being unable to work from home. Losing a full day of what you were scheduled to work but could not work because of a restricted movement order. This includes not being able to attend a full-time, part-time or casual shift of less than 8 hours, and
- Don't have paid leave available through your employer (other than annual leave), and
- Are not receiving income support payments, a state or territory pandemic payment, Pandemic Leave Disaster Payment or state small business payment for the same period. Income support payments include Age Pension, Austudy, Carer Payment, Disability Support Pension, Farm Household Allowance, JobSeeker Payment, Parenting Payment, Partner Allowance, Special Benefit, Widow Allowance, Youth Allowance and Income Support Supplement, Service Pension or Veteran Pension from the Department of Veterans' Affairs.

## **Pandemic Leave Disaster Payment**

The Pandemic Leave Disaster Payment is for those who have been advised by their relevant health authority to self-isolate or quarantine because they:

- Test positive to COVID-19;
- Have been identified as a close contact of a confirmed COVID-19 case;
- Care for a child, 16 years or under, who has COVID-19;

or

- Care for a child, 16 years or under, who has been identified as a close contact of a confirmed COVID-19 case; or
- Care for a person who has tested positive to COVID-19.

## **How much is the payment?**

The payment is \$1,500 for each 14 day period you are advised to self-isolate or quarantine. If you are a couple, you both can claim this payment if you meet the eligibility criteria.

## **Eligibility**

The Pandemic Leave Disaster Payment is available if you:

- Are an Australian citizen, permanent resident or temporary visa holder who has the right to work in Australia; and
- Are aged 17 years or over; and
- Are unable to go to work and earn an income; and
- Do not have appropriate leave entitlements, including pandemic sick leave, personal leave or carers leave; and
- Are not getting any income support payment, ABSTUDY Living Allowance, Paid parental leave or Dad and Partner Pay. Income support payments include Age Pension, Austudy, Carer Payment, Disability Support Pension, Farm Household Allowance, JobSeeker Payment, Parenting Payment, Partner Allowance, Special Benefit, Widow Allowance, Youth Allowance and Income Support Supplement, Service Pension or Veteran Pension from the Department of Veterans' Affairs.

The payment is taxable and you will need to declare it in your income tax return.

If you are uncertain of your eligibility, talk to [Services Australia](#).

## How to contact us

We're available to assist you with the lockdown support for your business.

Some of the details for the grants are not yet available, and the application websites are under extreme loads making the sites difficult to access. We will keep you up to date.

If you need assistance, contact our office on 08 6118 6111 or email [hello@prescottsolutions.com.au](mailto:hello@prescottsolutions.com.au)

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## What lockdown support is available to NSW business?

**If your business has been adversely impacted by the recent lockdown in NSW, support is available.**

The NSW and Federal Governments have announced a series of new measures to support business during extended lockdowns of four weeks or more.

- Up to \$15,000 through the expanded NSW 2021 COVID-19 business grants program

- Up to \$10,000 cashflow support per week
- NSW micro business grants
- NSW payroll tax deferrals and a 25% payroll tax waiver
- NSW Rent protections and grants
- NSW Sector support for the arts and accommodation sector

You can streamline the process of applying for business support by ensuring:

- Your business and contact details are up to date on the [Australian Business Register](#)
- Your personal and business details are up to date and you have a [MyServiceNSW](#) account with a [business profile](#)

## 2021 COVID-19 Business Grant of up to \$15,000

The previously announced small business grants have been increased to up to \$15,000 and expanded to eligible businesses (including not-for-profits and sole traders) with annual wages of up to \$10 million.

The value of the grant is determined by the impact of the lockdown on your turnover. Your business will need to prove a decline in turnover across a minimum 2 week period after the commencement of the major restrictions.

<b>Decline in turnover</b>	<b>Grant</b>
70%+	\$15,000
50% or more	\$10,500
30% or more	\$7,500

## How to apply

Applications are made online through [ServiceNSW](#). Applications close at 11:59pm on 13 September 2021.

## Eligibility

The 2021 COVID-19 business grant is available if you:

- Have an active ABN; and
- Can demonstrate that your business was operating in NSW as at 1 June 2021; and
- Have had total annual Australian wages of \$10m or less as at 1 July 2020; and
- Have had an aggregated annual turnover between \$75,000 and \$50m (inclusive) for the year ended 30 June 2020; and
- Have business costs for which there is no other government support available; and
- Maintain employee headcount as at 13 July 2021; and
- Have experienced a decline in turnover of at least 30% over a minimum 2-week period from 26 June 2021 to 26 July 2021, compared to the same period in 2019.

Businesses that are not able to meet all the eligibility criteria can still potentially qualify for the grant, but will need to contact ServiceNSW to discuss the situation before applying.

Businesses and not-for-profit organisations on the NSW border with Victoria impacted by the lockdown orders that began on 27 May 2021 may use a different comparison period to demonstrate a decline in turnover. For each of the 3 grant amounts, these businesses must demonstrate a decline in turnover over a minimum 2-week period from 27 May 2021 to 26 July 2021.

Non-employing businesses are not eligible to apply if persons associated with the business, and who derive income from it, have applied for, or are receiving, the Commonwealth COVID-19

Disaster Payment.

*We can work with you to help assess your eligibility and apply for the grant!*

## **JobSaver: Cashflow Support of up to \$10,000**

A cashflow payment between a minimum of \$1,500 and maximum of \$10,000 per week based on 40% of the NSW payroll payments of your business (including not-for-profits).

Businesses without employees that meet the eligibility criteria such as sole traders, will be able to access a payment of \$1,000 per week.

The cashflow support will cease when lockdown restrictions are eased or when the Commonwealth hotspot declaration is removed.

The cashflow support payments will be made weekly.

### **How to apply**

Applications for the cashflow support have not yet opened but you can register your interest through [ServiceNSW](#).

### **Eligibility**

- Annual turnover between \$75,000 and \$50 million
- Demonstrate a 30% or more decline in turnover
- Maintain your full time, part time and long term casual staffing level as of 13 July 2021
- Impacted by the current Greater Sydney COVID-19 restrictions

## **\$1,500 Micro Business Grants**

A new grant for micro businesses (including sole traders) providing \$1,500 per fortnight while lockdown restrictions apply. The grants are available from week one of the lockdown

until restrictions are eased.

## **How to apply**

Applications for the cashflow support have not yet opened but you can register your interest through [ServiceNSW](#).

## **Eligibility**

- Annual turnover of more than \$30,000 and less than \$75,000
- Demonstrate a 30% or more decline in turnover
- The business provides the primary income source for a person associated with the business
- Impacted by the current Greater Sydney COVID-19 restrictions

## **Payroll tax relief**

### **Payroll tax and lodgement deadline deferred**

NSW payroll tax has been deferred for July and August 2021 until 7 October 2021 for all businesses.

The due date for the 2020-21 annual reconciliation has also been deferred until 7 October 2021.

**Previous payroll tax deferrals and payment arrangements for 2020-21 due in July 2021 have not been deferred.**

### **25% payroll tax waiver for businesses between \$1.2m and \$10m**

Businesses with Australian wages of between \$1.2 million and \$10 million that have experienced a 30% decline in turnover, will be provided with a 25% payroll tax waiver in 2021-22. Further details of the reduction will be available by the end of August from [RevenueNSW](#).



## **Rent protections and grants**

Commercial and retail rent protections will be reinstated.

### **Eviction moratorium**

Legislative amendments will be introduced shortly providing a short-term eviction moratorium for rental arrears where a residential tenant suffers loss of income of 25% due to COVID-19 and meets certain other criteria. The moratorium applies to tenants with an annual turnover of \$50 million or less.

Commercial and retail landlords will need to attempt mediation before recovering a security bond, or locking-out or evicting a tenant impacted by Public Health Orders.

### **Land tax relief**

Land tax relief equal to the value of rent reductions provided by commercial, retail and residential landlords to financially distressed tenants will be available for up to 100% of the 2021 land tax liability.

See [Residential Tenancies Moratorium Application for rent negotiation](#)

## **Specific sector based support**

### **Arts community**

A \$75 million support package will be provided to the performing arts sector to be administered by [Create NSW](#).

The package will be delivered in two stages:

- Immediate support to provide relief to eligible organisations who were staging performances during the period covered by the Public Health Orders.
- Funding available to support eligible organisations to

reschedule performances once it is safe for restrictions to ease.

Eligible organisations include performing arts organisations with heavy reliance on box office income, including not-for-profit performing arts companies who were staging, or scheduled to stage performances during the lockdown period, commercial producers and some live music venues.

Organisations will need to provide evidence of performances scheduled, venues and average ticket prices.

[CreateNSW](#) will open applications from 23 July 2021.

## **Accommodation sector**

A \$26 million support package for eligible tourism accommodation providers that have lost business during the school holiday period. Assistance will be based on the number of cancelled 'room nights' of:

- \$2,000 for up to 10 room nights
- \$5,000 for 11 or more room nights

To be eligible, you will need to be able to show evidence of cancellations for lost room nights between 25 June and 11 July 2021.

## **Gaming machine tax deferrals**

All businesses paying hotel or club gaming machine tax will be able to defer the taxes for the 2021-22 financial year:

- Hotels: deferrals for June and September quarter until 21 January 2022.
- Clubs: deferrals for the August quarter until 21 December 2022.

## How to contact us

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