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Business Addition - adding to your business. Positive Business & Bookkeeping Advisors

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BUSINESS BULLETIN SPRING 2021

FEATURE – Tough Time Strategies

With the economy slowing again, parts of Australia back in lockdown, and negative economic growth predicted, the following offers potential relief for business owners and individuals alike.

Interest-only

Almost all business owners have outstanding loans. Some business loans and many home loans have an interest-only option which reduces your repayments as you only pay the interest portion of your loan for a set period. Revisit the terms of your loan agreement to see if you have this flexibility. Even where your loan does not have this facility, some financiers will allow you to pay interest-only on application when you or your business is struggling financially.

Extended payment terms with suppliers

To manage cash flow, review supplier payment terms. Where possible, consider requesting them to extend payment days from 30 to 45 days.

Instalment Variations

If your business is less profitable this year than last year, then you should consider varying your PAYG instalments downwards.

PAYG instalments are effectively prepayments towards your expected end of year tax liability. The amount of

KEY DATES

21 SEPTEMBER

August monthly Activity Statements - due for lodgement and payment

21 OCTOBER

September monthly Activity Statements - due for lodgement and payment

28 OCTOBER

July - September Superannuation Guarantee contributions due for payment

31 OCTOBER

Individual 2020/2021 income tax returns due for lodgement if not using a tax agent instalments you are required to pay is generally based on your income from the previous year. The instalment amounts are provided to you by the ATO as either an instalment rate (which you then multiply by your income) or a fixed dollar amount. Because the amounts and rates are based on your income from a prior year, you should consider varying the PAYG instalment dollar amount downwards if your current year turnover is trending less than last year. By doing so, it may provide your business with significant short-term relief.

In making a downwards variation, be aware that penalties may apply if your variation results in you paying an amount that is less than 85% of the actual tax payable on your business and investment income for the financial year. The next opportunity to vary an instalment is likely on your September BAS which your bookkeeper can assist with however the decision to vary should always be made with oversight by your tax agent

Rent-Free Periods

If your lease is coming to an end, consider requesting from your landlord a rent-free period in the next term. When your lease is up for renewal or when a landlord is looking to entice you as a new tenant, it's common commercial practice for them to offer lease incentives to secure your business. Lease incentives come in many forms including:

- Cash payments (including upfront payments, the payment of your removal costs, payment for the surrender of an existing lease etc.)
- Rent-free periods
- Free fit-outs
- Non-cash incentives such as holiday packages, free equipment etc.

Choosing a rent-free period (which is generally the most common incentive offered) not only gives you relief from what is one of your business's biggest fixed costs, but it is also generally the best result from a tax perspective. Rent-free periods are taxation neutral. The amounts saved as a result of the rent-free period will not be assessable to the tenant, however nor will they be deductible.

Access Your Superannuation

During COVID-19, individuals who were financially impacted by COVID-19 (meeting various income downturn benchmarks) were able to access up to $20,000 of their superannuation savings ($10,000 in two tranches).

Despite this no longer being available, individuals who have fallen on hard times, should be aware that they may still be able to access their superannuation early! By way of background, you can only access your superannuation once you meet a condition of release. By far the most common conditions of release are:

- Reaching Preservation Age (between 55 and 60 depending on when you were born) and retiring
- Ceasing an employment arrangement on or after the age of 60
- Reaching 65 years of age (even if you are still working)
- Dying.

However, individuals can also access their superannuation savings on compassionate grounds. Subject to certain cashing restrictions, an individual's superannuation benefits can be released on compassionate grounds where they lack the capacity to meet the following expenses:

- Medical treatment or medical transport for the individual or a dependant
- Payment of a loan, to prevent either foreclosure of a mortgage on the individual's principal place of residence, or exercise by the mortgagee of an express or statutory power of sale over the individual's principal place of residence
- Payments to modify the individual's principal place of residence or vehicle to accommodate the special needs of the individual or a dependant arising from severe disability
- Expenses associated with an individual's palliative care in the case of impending death, funeral or burial
- Any other expenses which are consistent with the compassionate grounds criteria, outlined above, but may be outside the specific criteria.

The amount of superannuation that can be released on compassionate grounds is limited to what is reasonably needed. If your application is successful, the amount will be paid as a lump sum by your superannuation fund. Your application must be made to the Federal Department of Human Services www.humanservices.gov.au

BUSINESS SUPPORT – Grants

With more than 40% of the Australian population in lockdown, there are many state and territory specific grants on offer for businesses that are financially impacted due to the restrictions. If you need assistance to determine eligibility or to make an application, consider asking your bookkeeper or accountant. The grants currently on offer include:

NSW:

- COVID-19 Business Grant
- JobSaver payment
- COVID-19 Micro-business Grant
- Small business fees and charges rebate

VIC:

- Small Business COVID Hardship Fund

QLD:

- 2021 COVID-19 Business Support Grant

ACT:

- COVID-19 Business Support Grant
- COVID-19 Small Business Hardship Scheme (opening soon)

SA:

- COVID-19 Business Support Grant — July 2021
- COVID-19 Additional Business Support Grant

TAS:

- Business Hardship – Border Closure Critical Support Grant

WA:

- Small Business Lockdown Assistance Grant: Round Two, June 2021

NT:

- Territory Business Lockdown Payment Program – Lockdown (round 2) payment

IT – Cyber Security

Cyber security is perhaps one of the biggest modern-day threats to business. The following tips to keep your business cyber-secure are sourced from the ATO website.

Trending Threat to Watch out for

Two cyber threats that are trending and resulting in serious loss to business that are worth being hypervigilant of at the moment include

- **Impersonation Scams**: A common

variant involves someone breaching your email security or more commonly the email security of a supplier where they imitate a legitimate looking invoice and change the usual banking details resulting in the business owner unwittingly paying the cyber-bad guy. Be very careful with altered bank account details from suppliers and always directly verify them with the supplier; and

- **SMShing**: a very recent scam involves sending an SMS message which often looks believable (one variant is called Flu Bot). The message often refers to a missed call or tracking of a delivery and contains a link which, if clicked, launches malware onto your phone that attacks your internet banking, seeks to steal your identity, accesses your Contact list and can disable the phone. Be very vigilant with this one as it can be very damaging.

Passwords

Regularly change passwords. Where possible it's recommended that you use multi-factor authentication. This requires users to provide multiple pieces of information to authenticate themselves – for example, a text message to your phone when logging in to a website. In the event that your password falls into the wrong hands, you are still protected.

Also consider using sites such as LastPass – where all you have to do is remember your Master Password, with the site generating random, impossible to guess passwords for all the sites you log into.

Remove system access from people who no longer need it

Unauthorised access to systems by past employees is a common cause of identity security or fraud issues for businesses. To guard against this, immediately remove access for former employees, and also individuals who have changed positions and no longer need access.

Monitor your accounts for unusual activity or transactions

Check your accounts (including bank accounts, digital portals and social media) for transactions or interactions you did not make, or content you did not post. If you receive an email from an organisation that you deal with alerting you to unexpected changes on your account, don't click on the hyperlinks included, and don't log on to their website by using links or attachments included in the email. Instead, check those accounts, and then contact the organisation by phone.

Secure your mail

Although it's somewhat of an old-school communication channel, ensure your mail (postage) is secure and consider using a PO Box. According to the ATO, mail theft is a leading cause of security breaches.

Security Updates

Run weekly anti-virus and malware scans and have up-to-date security software.

Some programs contain malware that can infect your computer (including ransomware which locks your files until you pay a criminal). It can also be used to harvest your sensitive personal and business information.

Be sure you are downloading authorised and legitimate programs. Unless you know the program is legitimate, do not open attachments or download programs.

WELLBEING – Small Business Mental Health

As the economy again slows under the weight of lockdowns, many small business owners are doing it tough – not just financially but mentally. If you are impacted, have you considered NewAccess for small business owners? This is a free and confidential mental health program, developed by Beyond Blue to give small business owners the support you need. Whether you're just feeling stressed, or completely overwhelmed about everyday life issues like work, relationships, health or loneliness, NewAccess is there when you need it.

Over six sessions your NewAccess Coach will work side by side with you to overcome difficult issues, providing you with practical skills to manage your stress and get you back to feeling like yourself.

NewAccess for Small Business Owners is for anyone aged 18 or over who owns

a small business, from any industry. For the purposes of program eligibility, a small business is defined as less than 20 employees.

A person is not eligible for the program if they are:

- currently seeing a psychologist or psychiatrist
- dealing with severe/complex mental health issues.

An initial assessment conducted by a clinically supervised Coach is used to identify if NewAccess for Small Business Owners is the most appropriate service to support your mental health needs.

Please note, if your symptoms or condition are found to be too severe or complex for this program, you will be referred to a more appropriate service or back to a GP.

This national telehealth program will initially be available for a period of 12 months from March 2021 to March 2022.

NewAccess has been operating for several years in Australia, starting with a pilot phase in 2013-2016. Independent research and evaluations have confirmed its efficacy and ability to be scaled as a low intensity early intervention service.

Based on the UK's Increasing Access to Psychological Therapies (IAPT) model, the NewAccess model is adaptable for particular settings and populations. Evidence indicates that the NewAccess program is effective. The average recovery rate for general population services is 70%.

Importantly, NewAccess is designed to appeal to people who might not otherwise seek support for their mental health and to provide support early, preventing symptoms from potentially getting worse.

The program avoids clinical language, does not require a doctor's referral and is delivered by relatable coaches – in this case people who have owned their own small business – making it an ideal service for small business owners.

Enquire today.