

As more information comes to light around COVID-19 ADA NSW is joining with Nexia to provide members with relevant information to assist you to run your dental practice sustainably through the current disruption and as we all transition back into normal practices.

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ECONOMIC STIMULUS SUPPORT

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Business owner or employee?

Business owners can benefit via changes to PAYE and Administration Concessions. This means reporting can be delayed regarding the timing of your Business Activity Statement (BAS) and Fringe Benefits Tax (FBT) statements. In this early phase of stimulus packages there are more more questions than answers.

Q: How do I benefit from the PAYG offer? What is instant asset write off? What to submit in your next Business Activity Statement (BAS)?

A: Talk to your tax agent or accountants about how to adjust your statement to suit.

Boost for Federal Government Economic Stimulus Package

On 23 March the Federal Government announced an additional \$66 billion in economic stimulus measures to support Australia's economy through COVID-19. The focus of these measures is to provide temporary relief to business cash flow and encourage businesses, just like the practice you work in or run, to retain employees. There is also assistance to individuals already receiving government benefits.

Enhanced Boosting Cash Flow for Employers:

- Further to already announced measures, employers will now receive a payment equal to 100% of salary and wages withheld, up to the value of \$50,000.

The minimum payment will also be increased to \$10,000. This payment is available to SMEs and NFPs, including charities, with an aggregated turnover of less than \$50 million and who employ workers.

- An additional payment will also be made in the July-October 2020 period for all eligible entities for the total of the Boosting Cash Flow for Employers payment. This means eligible SMEs, including your practice, will receive at least \$20,000 and up to \$100,000 under both payments.

Temporary Relief for Financially Distressed Businesses:

- To reduce the threat of actions which could push a business into insolvency the Federal Government is temporarily increasing the threshold at which creditors can issue a statutory demand on a company as well as increasing the time for a company to respond to statutory demands.
- The ATO will provide tailored relief for owners and directors of businesses struggling during this period, including temporary reduction of payment or deferrals, or withholding enforcement actions including Director Penalty Notices and wind-ups.

Support for Immediate Cash Flow:

- The Federal Government announced a Coronavirus SME Guarantee Scheme which will provide a guarantee of 50 per cent of short-term unsecured loans to businesses. The Scheme will guarantee up to \$40 billion of new lending to assist businesses with

cash flow needs. It applies to ADA NSW members.

- The Federal Government is also temporarily removing red tape to increase the speed and access of credit for small businesses.

ATO's Administration Concessions

The Australian Tax Office has announced a series of administrative measures for businesses across all industries, including dentistry, which may be experiencing financial difficulty as a result of COVID-19.

The measures include:

- Deferring payment by up to four months of the amount due on your Business Activity Statements, income tax assessments, FBT assessment and excise.
- Allow businesses lodging BAS quarterly to lodge monthly to get quicker access to GST refunds.
- Vary PAYG income tax instalment for the March quarter to nil. Businesses that do so can also obtain a refund of instalments paid for the September and December 2019 quarters.
- Remitting interest and penalties incurred from 23 January 2020 on tax liabilities.
- Allowing affected businesses to enter into low interest payment plans for existing and ongoing tax liabilities. The above measures are not automatic, and affected businesses, or their tax agent, must contact the ATO and

request the benefit of one more measures. Businesses still need to meet their super guarantee obligations for their employees.

NSW Stimulus Package

Practice owners can tap into the state government's new extra funding and a range of tax cuts to support jobs in dentistry. Namely:

- \$450 million for the waiver of payroll tax for businesses with payrolls of up to \$10 million for three months (the rest of 2019-20). This means these businesses will save a quarter of their annual payroll tax bill in 2019-20.
- \$56 million to bring forward the next round of payroll tax cuts by raising the threshold limit to \$1 million in 2020-21.

The instant asset write-off has been extended and is something all ADA NSW members who own a practice are encouraged to discuss with their financial advisor.

Banks: Relief Package

Following the Reserve Bank's announcement to cut the cash rate to a record 0.25%, and the subsequent announcement to set up a \$90 billion term funding facility for banks to use to support SMEs, the Australian Banking Association has announced it will defer loan repayments for six months for those SMEs affected by COVID-19. ADA NSW members are encouraged to take the time to understand the finer detail:

- The package could mean as much as \$8 billion worth of loan repayments will be deferred for the six month period.
- Banks have set up a fast track approval process and have already started reaching out to their customers to communicate the offer. If you have not heard from your bank you are encouraged to reach out yourself. The above measures are not automatic, and affected businesses, or their tax agent, must contact the ATO and request the benefit of more measures. Businesses still need to meet their super guarantee obligations for their employees.

The NSW Parliament

Changes have also been made to long service leave which will create greater flexibility for employers and employees

The new [COBIZ-19 Podcast](#) can answer many questions about economic stimulus measures available to small business such as dental practices.

During this trying time for our members ADA NSW encourages you to reach out to your regular financial advisory networks. A free 30 minute consult is also available with Nexia for all of our members about specific questions you may have about accessing financial support. Phone 02 9251 4600.

who are ADA NSW members. Amendments to the Long Services Leave Act 1955 allow employees to take leave in shorter blocks, such as one day a week, and without the traditional one-month notice period, by agreement with their employer.

The Pathway Forward

All company directors should be preparing a plan of attack to ensure the future survival of their businesses. With this in mind, it is important that they include sufficient documentation to support that their actions are being carried out in accordance with a plan of action compliant with the safe harbour rules.

A potential planning process given the current environment might include:

- Obtaining sufficient and reliable financial information in respect of the business (this would include at least a forward cash flow covering a period sufficient to see the company through this difficult period).
- Adjust the cash flow for an expectation of trading impacts that may occur through the period of uncertainty (yes, this is uncertain for most).
- Adjust for any internal actions that might reasonably be implemented to soften the impact of the downturn (this may include rent abatement, legally enforceable adjustments to staffing arrangements etc.).

- Adjust for the various economic stimulus impacts being outlined by Federal and State Governments as they are announced (including PAYG instalment and withholding refunds, payment deferral options and payroll tax measures).
- Adjust for various repayment deferral arrangements announced by the Australian Bankers Association.
- Ensure that the company can meet its employee entitlements as and when they fall due.
- Ensure that the company meets its taxation reporting responsibilities.
- Ensure that all debts of the company are incurred directly or indirectly in connection with the plan of action.
- Ensure that the outcomes of the plan could reasonably be expected to put the company in a better position than immediate professional administration/liquidation.
- Implement a program of constant monitoring to ensure that the above conditions are maintained and updated.

This is not an exhaustive list and the process should be undertaken with suitably skilled financial experience.

