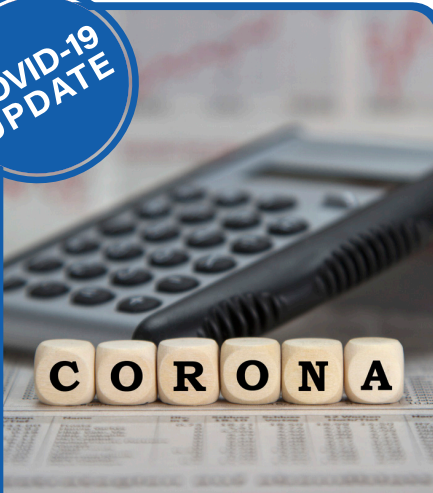


Q2 2020

BUSINESS MATTERS

Strategies
for managing
your business

COVID-19
UPDATE



INSIDE:

- Cybersecurity when working from home
- Big banks offer a financial lifeline
- Dealing with client complaints
- And more




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Better Advice • Better Future

Increased cash flow support for businesses as COVID-19 continues

COVID-19 is putting serious financial pressure on Australian businesses, so it is crucial to know what government support is available to help support your business.

The Government announced on 12 March 2020 that the new Boosting Cash Flow for Employers measure will be increased to provide up to \$100,000 for eligible small and medium-sized businesses.

Employers will receive a payment equal to 100% of their salary and wages withheld, up from the original 50%, with maximum payments being increased from \$25,000 to \$50,000. Minimum payments have also been increased from \$2,000 to \$10,000.

Businesses do not have to apply for the cash flow boost. Payments will be received from 28 April 2020 from the ATO as an automatic credit in the business activity statement (BAS) system upon lodging eligible upcoming activity statements. Lodgement and payment of your BAS still needs to be done by the due date as you will not receive the cash flow support until doing so. The credit will be three times the rate in the March 2020 activity statement for monthly lodgers, to equal the credit received by quarterly lodgers.

To be eligible, employers must have been established prior to 12 March 2020, have an aggregated annual turnover of less than \$50 million and employ workers.

An additional payment will be provided to eligible businesses during July - October 2020. This payment will be equal to the total amount initial received under the Boosting Cash Flow for Businesses scheme. For monthly and quarterly activity statement lodgers, these payments will be provided as automatic credit in the activity statement system for each lodgement up until October 2020.

Businesses with current tax debts and payment arrangements in place will need to be mindful of how exactly the Government support package will affect them. The cash flow support will be provided automatically by the ATO to the integrated client account of the business.

If this payment results in a credit, a refund of the balance will be paid automatically, generally within 14 days. Businesses with an existing tax debt or balance on their account may receive none or only part of the refund, depending on their balance.

A business will not be eligible for cash flow boosts if it has altered its practices for the purpose of becoming eligible for cash flow boosts when it would otherwise not be eligible, or for the purpose of increasing the amount of cash flow boosts they receive. This may include increasing employee wages for a particular month in order to receive a higher cash flow support payment. The ATO may undertake an investigation if any sudden changes to the characterisation of payments are made.

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Cybersecurity when working from home

If your business doesn't have the right cybersecurity precautions in place, then working from home can put your assets at serious risk.

COVID-19 is forcing many businesses to have employees work from home and the change may be difficult for some teams, especially if they haven't worked remotely before. The focus is often on your team's productivity, communication, equipment and ability, however, cybersecurity is a crucial element that should not be overlooked.

Most home networks are not secure. Employees working from home may unintentionally put business assets at risk when they access work-related files on their personal devices and through personal wifi connections. Employers should inform workers that their personal devices probably don't have the security systems that workplace devices have in place, such as anti-virus software, secure

network connections and automatic online backup systems. They should therefore avoid downloading business materials onto their personal devices, hard drives, desktops or their own cloud system.

Here are some measures you can consider to strengthen your cybersecurity:

- Use a virtual private network (VPN). This will improve your online privacy and encrypt your internet traffic, meaning that hackers who intercept it will not be able to read your data.
- Make sure home routers are secured by changing passwords, installing firmware updates, restricting inbound and outbound traffic, using a high level of encryption and switching off WPS.
- Don't use public wifi, such as libraries or shopping centres as they won't be secure.
- Equip employees with up to date security software and manufacturer software updates.

- Set up multi-factor authentication to allow you to verify your identity.
- Prohibit employees from working in public spaces where others can see their screen.
- Use encrypted communications so that it is unreadable to interceptors.
- Backup data regularly to avoid any lost data.



How to raise capital for your business

Raising capital is an essential process when aiming to grow or finance your business with new ideas. While it certainly isn't easy to do, there are a few tips you can keep in mind.

Build a strong company identity:

In order to attract general interest from potential investors and partners, it is recommended that you form an impressionable and cohesive company or brand identity. Try to develop an identity that is not only an accurate reflection of your company's goals and values but also memorable when you explain it to others. Make sure that your business identity highlights an aspect of your business as unique from others in the industry, whether that be an entirely new type of product, an innovative production method or even your staff culture.

By having an unforgettable company identity, it is much easier to sell your business ideas to potential investors and have them trust in your goals and abilities as well. Your confidence in your business and its identity will naturally translate during your marketing

pitches and convince your potential investors and partners to also believe in your abilities. By making sure your business goals and identity align with each other, it becomes much easier for you and all those involved in your business to grow confident in it and invest your resources into it.

Research and approach the right investors:

When it comes to financial matters, the more options the better. While you may have a clear idea of what you want from an investor, they may not have the same opinions on you and your business. Thus, it is important to consider doing background research on your investors, be aware of your own business position and evaluate whether or not you can meet an investor's expectations and the positive two-way relationship you can build together.

The easiest way to find the right investor for you is to widen your scope of potential investors by networking with not only business-savvy people but also those you are familiar with, such as friends, colleagues and even family. Companies which operate

purely in your niche industry are also good potential investors to consider. Keep in mind that the right investors are those who can accommodate for your funding needs in both form (some methods of funding are riskier than others) and monetary amount.

Organise a pitch:

When trying to raise capital for your business, always have a pitch ready to make to any potential investor you come across. Just like your company identity, your pitch should be unique in order for you to stand out amongst your competition. To prepare an impressive marketing pitch, here are some quick tips:

- Structure your pitch as if it is a story to engage your audience.
- Incorporate as many visual components as you can.
- Keep your pitch short and to the punch.
- Make sure that after your pitch, your audience remembers your idea/business.

Are you following employer jury duty responsibilities?

Employers must comply with the legal responsibilities outlined when dealing with an employee who has been summoned for jury duty or they could face penalties of up to \$50,000.

When an employee gets summoned for jury duty, it can put added stress on the workplace with other staff having to take on extra work. As an employer, you'll likely want to avoid the inconvenience of releasing an employee for jury duty, however, this may prove to be difficult.

Can you refuse to release an employee for jury duty?

As an employer, you are required to release any employee for jury duty if they have been summoned. It is an offence to act prejudicial to an employee if they have been summoned for jury duty, including threatening their employment or wages.

If your business will face significant hardship

with an employee at jury service, then you may be able to request for the employee to be excused. This will require an explanation of the impact jury service will have on your business. A request must be communicated before empanelment (when the jurors have been selected), and making a request does not guarantee that your employee will be excused.

What are the employee's rights?

When your employee is away on jury duty, this cannot be counted as any other leave other than jury duty leave. An employee's annual leave and sick leave will be unaffected.

Employers also cannot dismiss their employees for attending jury duty. Most Australian states restrict employers from terminating an employee or detrimentally changing or threatening employment terms because an employee is on jury duty.

Employers also cannot ask an employee to work on a day they are serving as a juror in court or

ask them to work additional hours to make up for the time they missed whilst on jury duty.

When an employee is serving jury duty, employers generally must pay permanent employees their usual wages for the first 10 days of service, or pay what is often referred to as 'make-up pay'. This is the difference between the jury service payment and the employee's base rate for the ordinary hours they would have worked.

COVID-19
UPDATE

Big banks offer a financial lifeline

The majority of Australian banks are offering a lifeline to small businesses affected by COVID-19 by allowing them to defer loan repayments for up to six months.

The business relief package is available to 98% of all businesses who have loans with an Australian bank. To be eligible, businesses must have loan facilities of up to \$10 million (increased from the original \$3 million to support larger businesses) and advise their participating bank that they have been impacted by COVID-19.

Businesses that wish to apply are encouraged to do so by contacting their bank online or through banking apps where possible. Banks have undertaken a fast track approval process in order to provide support as soon as possible.

In addition to the deferral, participating Australian banks will provide further support for businesses who need assistance because of COVID-19. This includes the Government's small and medium enterprises (SME) loan guarantee scheme, which offers loans with no repayments and low interest rates for the first six months. Fees waivers, loan restructuring and additional credit may also be offered to businesses to support them through the pandemic.

Dealing with client complaints

Preparing an effective complaint handling policy is key to long-term sustainable business growth and client retention.

As part of the natural process of business growth, your business is bound to come across customer or client complaints at some stage. In a matter of when and not if, here are a few key steps on how best to resolve client complaints and work towards a constructive complaint handling policy.

Acknowledge the complaint:

Never turn away a client reaching out to communicate with you. Make an effort to listen to their complaint and directly acknowledge them while being polite and courteous. By doing so, clients will feel appreciated and will more likely expand on their criticisms with constructive and civil feedback on your business, as well as aiding you with developing your complaint handling policy.

Discuss directly with the client:

If possible, it is best to directly contact the client (via phone or email) to gain a wholesome understanding of the sources of their complaints and any solutions or compromises they are willing to suggest.

By personally interacting with clients and gaining a customer perspective, it will be easier for you to decide if their complaints are reasonable and how best to resolve the issue. Keeping the client actively engaged with you will also improve your business image to be attentive and client-satisfaction oriented.

Commit to resolving the complaint as fast as possible:

In order to ensure that your client will not escalate the problem further, act fast and keep the customer informed of your progress when resolving their complaints. Consider setting a timeline for your response management and commit to it. It is important to keep yourself accountable for any delays in the complaints handling process and to inform your clients if any additional problems do occur.

Ask for feedback:

After resolving a client complaint, kindly ask for feedback on the handling of their issue and whether they were satisfied with your business' complaint handling policy. Ask for constructive criticism so that you can continue to develop your complaints handling procedure and improve your interactive services.

Australian Government strives to keep business intact

The Government has introduced more nation-wide measures to keep Australian businesses afloat as they continue to struggle with the financial impacts of COVID-19.

Two notable recently introduced support measures are the JobKeeper payment scheme and rent relief for business tenants.



JobKeeper payment scheme

Over the next six months, the JobKeeper scheme will provide employers \$1,500 per fortnight to pay for the wages of each of their eligible employees under certain criteria:

- Employers must record a 30% or more reduction in their turnover for at least a month if their average yearly turnover is less than \$1 billion.
- Employers must record a 50% or more reduction in their turnover for at least a month if their average yearly turnover is more than \$1 billion.
- Employees are employed on a full-time or part-time basis, or are a long-term casual who have been employed for over 12 months as of 1 March 2020.

For employees who ordinarily receive a fortnightly wage of more than \$1,500, they will continue to receive their ordinary wages subsidised with the JobKeeper payment. For

employees who ordinarily receive a fortnightly wage of less than \$1,500, businesses will use the JobKeeper payment to pay them a minimum of \$1,500 per fortnight.

Rent relief for business tenants

A mandatory commercial tenancies code has been released by the Federal Government to assist landlord and tenant negotiations during the COVID-19 crisis.

Landlords will be required to reduce rent in proportion to the trading reduction suffered by eligible tenants through a combination of waivers and deferrals of rent, provided the rent reduction makes up a minimum of 50% of the reduction and the deferral is granted for a period of greater than 12 months.

A financially distressed business with a turnover of less than \$50 million that meets the requirements to receive support under the JobSeeker programme will also be eligible for the tenancies code.

What will record low interest rates mean for your business?

On 19 March 2020, the Reserve Bank of Australia cut official interest rates to a record low of 0.25% to encourage active spending and keep the Australian economy afloat.

Amidst Australia's softening economy and the impacts of the coronavirus pandemic, the RBA is also offering banks at least \$90 billion at 0.25% over three years to banks if they lend that cash to small and medium-sized businesses. In a time of nation-wide low interest rates, there are many options available to your business.

Take out new loans:

Businesses are now encouraged to take out loans from not only large banks but also smaller competitors in the online business lending sector. With interest rates at comparatively low levels, now is the most opportunistic time to take out a loan and invest in any business opportunities you have been eyeing. Due to the coronavirus pandemic, small businesses will be able to access a six-month deferral of all loan repayments.

Refinance outstanding loans:

Refinancing is the replacement of an existing debt obligation with another debt obligation under different terms. Although interest rates are at an all-time low across all lenders, there are still differences in deals amongst competitive lenders. Consider researching cheaper options for loans while also taking into account prices to exit old loans to help you save some money.

Using high-yield accounts:

When interest rates are low, there is also the opportunity to take any available cash profits your business generates and place them in high-yield accounts. High-yield accounts are those that pay typically up to 25 times the national average of a savings account and thus your saving rate may skyrocket during times of low interest rates.

While there are many options available for businesses during sustained periods of low interest rates, it is still important to consider the specific circumstances of your business and if investing in new opportunities is a good decision in the context of Australia's softening economy.

Important tax dates

28 APRIL

Lodge and pay quarter 3, 2019–20 activity statement if electing to receive and lodge by paper and not an active STP reporter.

21 MAY

Lodge and pay April 2020 monthly business activity statement.

26 MAY

Lodge and pay eligible quarter 3, 2019–20 activity statements if you or your client have elected to receive and lodge electronically.

28 MAY

Lodge and pay quarter 3, 2019–20 Superannuation guarantee charge statement - quarterly (NAT 9599) if the employer did not pay enough contributions on time.