PACIFIC ACCOUNTING
Books&Wages – Business Advisors

APRIL 2021 NEWSLETTER

IF YOU HAVE ANY QUESTION ABOUT THE FOLLOWING, PLEASE DISCUSS WITH YOUR ACCOUNTANT

Government Assisted Loans

In response to the economic downturn due to Covid-19 and to help support businesses as Jobkeeper comes to an end, the Government will work with lenders to ensure that eligible firms will have access to finance to maintain and grow their business.

There are currently 2 schemes running, with different eligibility criteria, dates of application and assistance from the government. Below is a brief description of each scheme. Please contact your accountant if you need further information or assistance in applying for the loans.

You may consider taking a business loan to give cash-flow relief as JobKeeper comes to an end, or to assist in the purchase of assets to take advantage of the Instant Asset Write-off or Temporary Full Expensing measures.

Coronavirus SME Guarantee Scheme - Phase 2

Phase 2 of the Coronavirus SME Guarantee Scheme came into effect on 1st October 2020 and will remain open to eligible borrowers until 30 June 2021.

Under this scheme, the government is providing a 50% guarantee on loans provided to SMEs (including sole traders and not-for-profits) by participating lenders.

- Businesses can now apply for up to $1 million in secured loans or up to $75,000 in unsecured loans
- You can use a loan issued under this scheme for a wide range of business purposes, including business assets, business vehicles, working capital, or purchasing commercial property
- Small and medium businesses, including sole traders and not-for-profits with up to $50 million turnovers, can apply for loans under the scheme
- Loans are for terms of up to 5 years and a repayment holiday is not required but can be offered at the discretion of the lender.
- The interest rate on loans will be determined by lenders, but will be capped at around 10 per cent
- If you're currently holding a Phase 1 loan, you may be eligible to apply for refinancing.

For more information visit the
Coronavirus SME Guarantee Scheme

SME Loan Scheme

The Government recently announced the SME Recovery Loan Scheme. It is designed to support the economic recovery and to provide continued assistance to those coming off JobKeeper. The Government will work with lenders to ensure that eligible businesses will have access to finance to maintain and grow their businesses. Loans will be made available from 1 April 2021 until 31 December 2021.

Eligible Participants:

- Must have been a recipient of the JobKeeper payment between 4 January 2021 and 28 March 2021.
- Must be a small/medium-sized businesses with up to $250million turnover.
- Both self-employed individuals and non-profit businesses are eligible.
- Businesses that have accessed loans in Phase1 and Phase2 can also apply for loans under the scheme

Participating lenders are offering guaranteed loans on the following terms under the SME Recovery Loan Scheme:

- The Government guarantee will be 80% of the loan amount
- Lenders are allowed to offer borrowers a repayment holiday of up to 24 months
- Borrowers can access up to $5million in total, in addition to the Phase1 and Phase 2 loan limits
- Loans are for terms of up to 10 years, with an optional repayment holiday period
- Loans can be either unsecured or secured (excluding residential property)
- The interest rate on loans will be determined by lenders but will be capped at around 7.5%

Loans backed by this Scheme will be available through participating commercial lenders. The decision on whether to extend credit, and management of the loan, will remain with the lender. Borrowers can access credit under the Scheme through any lenders approved to participate.

For more information on how to apply, visit
SME Recovery Loan Scheme

Temporary Full Expensing

The new Temporary Full Expensing rules provide businesses with a turnover of up to $5 billion with an immediate deduction for 100% of the cost of eligible depreciating assets.

- The eligible new assets must be first held, and first used or installed ready for use for a taxable purpose, between 6 October 2020 and 30 June 2022.
- For businesses with an aggregated turnover of less than $50 million, temporary full expensing also applies to the business portion of eligible second-hand depreciating assets
- Businesses can claim the deduction when lodging their 2021 or 2022 tax return
- Eligible assets do not include:
  - assets allocated to a low-value pool or a software development pool
  - certain primary production assets (water facilities, fencing, horticultural plants or fodder storage)
  - buildings and other capital works for which you can deduct amounts under Division 43
  - assets that will never be located in Australia, or will not be used principally in Australia for the principal purpose of carrying on a business
- You can also claim an immediate deduction for the business portion of the cost of improvements to an eligible asset if they are incurred before 30 June 2022.
- If your depreciating asset is not eligible for temporary full expensing, or you have chosen not to apply temporary full expensing, other depreciation provisions such as instant asset write-off or backing business investment - accelerated depreciation may apply

Loss Carry Back – Tax Offset

As part of the 2021 Budget, the government announced that it will support businesses and encourage new investment through a loss carry-back regime. This scheme is designed to provide temporary cash-flow support to companies that were previously in a tax-paying position but who now find themselves in a tax loss position due to the COVID-19 pandemic and/or through obtaining faster deductions for depreciation under the new instant asset write-off or Temporary Full Expensing measures.

You must meet the eligibility requirements to choose to carry back the loss and claim the tax offset. You can claim the tax offset if you:

- are an eligible entity (More Information on Eligible Entities)
- made tax losses in the 2019-20, 2020-21 or 2021-22 income years
- have a surplus in your franking account at the end of the income year that you are claiming the tax offset
- have met your tax return lodgement obligations.

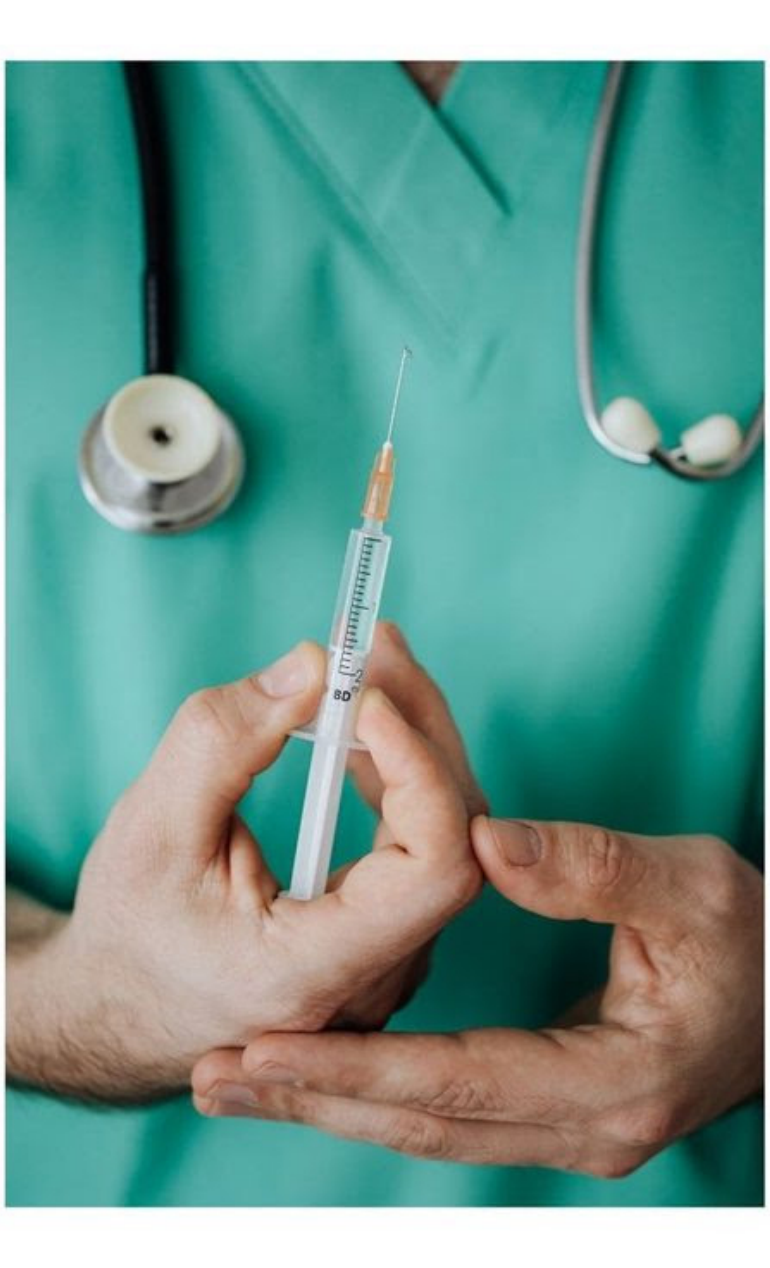
Protect Yourself with AuditCover

Have you considered Audit Insurance? AuditCover Australia forms part of the Steadfast Group, the largest general insurance adviser network in Australiasia. They offer a unique Audit Insurance product that covers professional fees that you would otherwise incur in engaging your accountant or another professional in attending to a tax audit, inquiry, investigation, or review instigated by the ATO or other Government revenue agency.

Once you are an AuditCover Australia client, previous lodgements are also covered, where no circumstance has arisen in the past. The audit must be instigated during the period of cover but can include responding to audits of returns that your Accountant or financial professional adviser did not prepare. There is no excess on the policy. The cover is available for multiple entities on the one policy, including salary earners, directors, SMSFs, sole traders, and companies.

Cover can be bound by yourself via their user-friendly quote and bind platform.

GET QUOTE HERE



DID YOU KNOW?

Vaccinations in the Workplace: Three Things Employers Should Know

There's a lot to understand regarding the challenges for employers arising from the coming COVID-19 vaccine rollout. Following are general outlines of three things employers should know.

1. The Vaccine Won't Be Mandatory -
The Federal Government has confirmed the vaccine will not be made mandatory at a federal level. State and Territory Governments may introduce requirements for employees to receive a COVID-19 vaccination in specific circumstances. However, there are no current legislative or regulatory requirements.

2. It May Not Be So Easy to Direct Employees to Be Vaccinated -
Directing your employees to be vaccinated has to be a 'lawful' and 'reasonable' action; considering the vaccine won't be mandatory on a federal level. And that the grounds for directing employees to be vaccinated at a State or Territory level either don't exist for many employers or if they do exist, they are very conditional, it will likely be very hard for the average small business to request their staff to be vaccinated without legislation or a public health direction.

3. Employers Have a Duty of Care -
Despite the fact the vaccine won't be mandatory, or that it may not be easy to direct employees to be vaccinated, employers still have remembered they have a duty of care to their employees in terms of workplace health and safety. Existing infection control measures, such as physical distancing, routine environmental cleaning, and the use of hand-sanitiser and personal protective equipment may be satisfactory to meet health and safety obligations without requiring employees to get vaccinated. Business owners should consider introducing an infection control policy to their Employee Engagements.

April Key Dates

14 April
March JobKeeper declaration deadline

21 April
March monthly activity statement lodgement & payment due

25 April
Public Holiday (Anzac Day). As this falls on a Sunday it will not affect Pacific Accounting office hours

28 April
Quarter 3 activity statements lodgement and payment due*
Quarter 3 Superannuation Guaranteed final date for lodgement and payment**

*Extensions apply for lodgements made by a registered BAS Agent
**Employers who do not pay minimum super contributions for quarter 3 by this date must pay the super guarantee charge and lodge a Superannuation guarantee charge statement.

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