

COVID 19 Business Action Plan Checklist



The COVID-19 pandemic is tracking to be the largest social upheaval the world has seen since World War II. The updates and announcements are coming thick and fast as the Government adapts to a moving target.

It's vital that every business develops a game plan to survive and hopefully rebound from this dramatic downturn. It's not easy to stay calm in a crisis but having a game plan provides a road map to follow with a clear sense of direction.



Business owners across most industries keep asking, "What do we do next?" In response, we have put together this checklist and recommend you work your way through each item on the list. There are significant cash incentives and other allowances designed to help businesses survive the crisis.

We urge you to claim every benefit you are entitled to and of course, feel free to contact us by phone or email to discuss your personalised game plan.

1. Get Your Records Up To Date

This is priority one. Up to date, accurate financial records allow us to work together to make informed business decisions. By preparing interim financial statements to March 31, 2020 we can:



- a) Look at where you stand from a year-end tax point of view
- b) Finalise your March BAS and look at any potential variations to minimise your cash outflows in the next few months
- c) The interim statements will help us calculate salaries to pay in the June quarter. The PAYG component will have a direct impact on the amount of your entitlement to the 'cash boost' offered under the Government Stimulus Payments
- d) Know your accounts receivable, accounts payable and current bank balances

2. Build a Cash Flow Forecast for the next 12 months and keep updating it at least every month as you get more information about your income and expenditure.

Cash flow is the lifeblood of any business and it just became even more critical. The main reason most business owners prepare a cash flow forecast is to raise finance but right now it needs to identify how much money you will need and when. The forecast is designed to project your bank balance at the end of every month so you identify any shortfall and then plan to raise the necessary finance.

When preparing a cash flow budget you have to make a number of assumptions. These assumptions should be realistic and supported by research, available data plus known facts such as your fixed costs (rent, insurances, loan payments and forward contracts). The uncertainty around the duration of the crisis makes it hard to project revenue and costs but you need to do

your best. For businesses in hibernation, revenue may be zero for months to come so identifying your Government entitlements under the stimulus packages is a key item on this checklist.

The information in your cash flow budget is designed to:

- forecast your likely cash position at the end of each month
- identify the timing of potential cash shortages
- plan your tax payments and
- plan for any major capital expenditure (instant asset write-off incentive).

	January	February	March	April	May	June	July	August	September	October	November	December
1 Opening Balance	\$1,000.00											
2 Income												
3 Sales	\$100.00	\$100.00	\$50.00	\$140.00	\$200.00	\$100.00	\$80.00	\$60.00	\$35.00	\$157.00	\$134.00	\$98.00
4 Loan	\$2,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5 Bank Interest	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
6 Other Income									\$150.00			
7 Total Income	\$2,101.00	\$102.00	\$51.00	\$141.00	\$201.00	\$101.00	\$81.00	\$61.00	\$36.00	\$158.00	\$135.00	\$99.00
8 Expenses												
9 Direct Costs												
10 Stock	20	20	30	30	20	40	20	30	15	10	20	30
11 Materials	5	5	5	5	5	5	5	5	5	5	5	5
12 Packaging	14	17	12	13	14	15	17	12	14	13	15	10
13 Wages	100	100	100	100	100	100	100	100	100	100	100	100
14 Overheads												
15 Accounting	20	20	20	20	20	20	20	20	20	20	20	20
16 Bank Fees	5	5	5	5	5	5	5	5	5	5	5	5
17 Postage	1	1	1	1	1	1	1	1	1	1	1	1
18 Insurance	4	4	4	4	4	4	4	4	4	4	4	4
19 Interest	1	1	1	1	1	1	1	1	1	1	1	1
20 Loan Repayments	20	20	20	20	20	20	20	20	20	20	20	20
21 Marketing	30											
22 Electricity	10	10	10	10	10	10	10	10	10	10	10	10
23 Rent	100	100	100	100	100	100	100	100	100	100	100	100
24 Repairs	5	5	5	5	5	5	5	5	5	5	5	5
25 Stationery	2	2	2	2	2	2	2	2	2	2	2	2
26 Utilities	15	15	15	15	15	15	15	15	15	15	15	15
27 Telephone	10	10	10	10	10	10	10	10	10	10	10	10
28 Subscriptions	5	5	5	5	5	5	5	5	5	5	5	5
29 Total Expenses	379	343	348	379	340	361	363	348	330	329	375	356

To produce your cash flow statement, the starting point is to extract last year’s cash flow report from your accounting software. Then, project your likely receipts including any government stimulus payments including the cash boost and job keeper payments. This isn’t a simple exercise but it is essential that you work on your best estimates.

Next, work through your fixed costs (rent, insurances, vehicle registration, loan and lease repayments etc.) and then consider your staff requirements and calculate your anticipated wages. Next, plug in your variable costs like feed, truck running expenses, gear, repairs, etc.

You can download a cash flow budget template from the resources/useful links and forms section of our website www.sbgaccountants.com.au

3. Government Stimulus Entitlements - Cash Boost

If you are an employer, the Government is providing up to \$100,000 to eligible small and medium-sized businesses. The minimum entitlement is \$20,000 and the maximum entitlement is \$100,000 with the payment coming in two instalments.



Employers with an aggregated annual turnover of less than \$50m will receive a payment equal to 100 per cent of the PAYG tax withheld on salary and wages in the March and June quarters with the maximum payment being \$50,000. The minimum payment is \$10,000. An additional payment will be paid in respect of the July to September 2020 quarter. This means that eligible entities will receive between \$20,000 and \$100,000 when you combine both payments. The cash boost is a tax-free payment to employers and is automatically calculated by the Australian Taxation Office (ATO) based on Business Activity Statements lodged. There are no new forms required to be lodged.

- It is not a cash handout - the payments will be delivered by the ATO as an automatic credit in the activity statement system from 28 April 2020 upon employers lodging eligible Business Activity Statements.
- Eligible employers that withhold tax on their employees’ salary and wages will receive a credit equal to 100 per cent of the amount withheld, up to a maximum payment of \$50,000.
- Eligible employers that pay salary and wages will receive a minimum payment of \$10,000, even if they are not required to withhold tax.
- The payments will only be available to active eligible employers established prior to 12 March 2020.

To qualify for the additional payment, the entity must continue to be active.

4. Government Stimulus Entitlements – Loans

The government has offered the banks \$20 billion to help them lend \$40 billion to struggling businesses. The maximum loan amount is \$250k and these funds could provide a lifeline to eligible businesses (SME's with a turnover of up to \$50 million). Under the Scheme, the Government will provide a 50% guarantee to SME lenders for new unsecured loans to be used for working capital. Some conditions apply:

- Maximum loan size is \$250,000 per borrower.
- The loans will be up to 3 years, with an initial 6 month repayment holiday.
- The loans will be in the form of unsecured finance, meaning that borrowers will not have to provide an asset as security for the loan. Loans will be subject to lenders' credit assessment processes.
- The Government will encourage lenders to provide facilities to SMEs that only have to be drawn down if needed by the SME.
- The Scheme will commence in April 2020 and be available for new loans made by participating lenders until 30 September 2020.

You can read more about the loans on offer [here](#)

5. Job Keeper Assistance

The Government's 'Job Keeper' Program provides wage subsidy payments to Australian businesses (with a turnover of less than \$1 billion) whose turnover will reduce by more than 30 per cent due to COVID 19. The decline is relative to a comparable period a year ago (of at least a month).

Businesses will be able to claim a fortnightly flat payment of \$1,500 per eligible employee from 30 March 2020, for a maximum period of 6 months. Payments will begin being paid in the first week of May.



Eligible employees are employees who are currently employed by the eligible employer (including those stood down or re-hired) and were employed by the employer at 1 March 2020. They include full-time, part-time or long-term casuals (a casual employed on a regular basis for longer than 12 months as at 1 March 2020). They must be at least 16 years of age.

The subsidy is specifically intended to keep employees in work, not to boost the bank balances of businesses themselves, and the ATO will enforce this. Self-employed individuals (businesses without employees) that meet the turnover decline test are also eligible to apply for Job Keeper Assistance.

Employers can register their interest in the Job Keeper Payment via ato.gov.au and in turn you will need to provide information to the ATO on eligible employees including the number of eligible employees engaged as at 1 March 2020 and those currently employed by the business (including those stood down or re-hired). For most businesses, the ATO will use Single Touch Payroll data to pre-populate the employee details for the business.

6. Consider ATO Payment Deferral Concessions

The ATO assistance in this area is not automatic, so you will need to approach them for assistance. If eligible, the ATO will 'tailor' the assistance package for you. Please contact us if you need guidance in this area.

The ATO payment deferral concessions include:

- Deferring payment date of amounts due by up to 4 months for Business Activity Statements (including PAYG instalments), income tax assessments, fringe benefits tax assessments and excise duty.
- Allowing businesses on a quarterly reporting cycle to opt into monthly GST reporting in order to get faster access to GST refunds they may be entitled to.
- Allowing businesses to vary Pay As You Go (PAYG) instalment amounts to zero for the March 2020 quarter. Businesses that vary their PAYG instalment to zero can also claim a refund for any instalments made for the September 2019 and December 2019 quarters.
- Remitting any interest and penalties, incurred on or after January 23, 2020, that have been applied to tax liabilities.
- Allowing affected businesses to enter into low-interest payment plans for their existing and ongoing tax liabilities.

7. State Government Grants

State Governments are also providing various incentives. Let's look at the \$10,000 grant offered by the Victorian Government to qualifying businesses who must meet the following criteria:



- Been subject to closure or highly impacted by [Non-Essential Activity Directions issued by the Deputy Chief Health Officer](#) and
- Employ people and have a payroll of less than \$650,000
- Have a turnover of more than \$75,000
- Hold an Australian Business Number (ABN) and held that ABN at 16 March 2020 (when the State of Emergency was declared); and
- Have been engaged in carrying out the operation of the business in the Australian State of Victoria on 16 March 2020.

Applicants must submit an application online via the 'Apply now' button on this page: <https://www.business.vic.gov.au/disputes-disasters-and-succession-planning/illness-and-business-management-plan/coronavirus-business-support>

Applicants are required to provide a copy of their most recent Business Activity Statement (BAS). Other supporting materials may also be required.

Other state governments are offering various grants, payroll tax reductions, waiver of a range of fees and charges for small businesses including bars, cafes, restaurants and tradies. We recommend you visit the state government sites for more information.

8. Marketing

At the moment it's probably not high on your agenda, however, marketing remains important. Your competitors are probably rattled so this is an opportunity. The most important thing right now is to communicate with your customers and clients. Remember, they are probably in the same boat as you.



Anything you do to help them right now might be rewarded with some loyalty down the track. Digital marketing is cheap and the shut down and lock down period can be used to develop your marketing plan for the next few months.

Take care, stay safe and please contact us if you need any assistance.

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