BUSINESS BULLETIN WINTER 2020

COVID-19 Learnings

COVID-19 is predicted to have a severe impact on the Australian economy. The International Monetary Fund expects real gross domestic product to shrink by 7.2% throughout 2020. This easily dwarfs the falls in real GDP in the early 1980s drought-related recession (2.2% throughout 1982) and Australia's most recent recession (1% in 1991).

It's not all doom and gloom, though. Out of every crisis, there is opportunity and learnings.

Working from home. Did your staff who were forced to work from home because of lockdown rules, operate just as efficiently and independently as onsite? If so, employees may appreciate for such arrangements to be extended – even if for only one or two days per week at home. Flexible working arrangements such as this, are much sought-after by employees.

For business owners, if your business operated seamlessly offsite, there may be an opportunity to downsize your business premises when your lease next comes up for renewal, and enjoy the savings that come with that.

Online meeting platforms. For many individuals, they may have had their first experience with (and may now be an expert in) Zoom or Microsoft Teams. In the inevitable cost-cutting days following COVID-19, interstate and some on-site business meetings may become a thing of the past. How can your business benefit from such technology moving forward? Becoming more familiar with the technology has also meant that online platforms have replaced some telephone use and, in doing so, provided a more personal connection.

New arms of your business. Whether it was being forced into online sales, or an exclusively take-away menu by a restaurant, how did these new aspects of your business perform? Should they be retained? Can they be improved and refined going forward?

For businesses that do 'come out the side', "reinvention" should be the mantra. Don't be blinkered into doing the same thing with the same staff in the same location (unless it was already perfection), the current down time is the perfect opportunity to reinvent a business. "Begin with the end in mind" was one of Stephen Covey's seven habits of highly effective people and is a great mantra to have when reinventing a business.

Paint a picture of the perfect business then work backwards to the steps required that make it a reality. Build new business plans, budgets, projections, and improve systems in preparation for the fresh start.

KEY DATES

21 JUNE

Lodge May Monthly Activity Statements

1 JULY

Start of the 2020/2021 financial year

21 JULY

Lodge June monthly Activity Statements

28 JULY

Make Superannuation Guarantee Contributions

28 JULY

Lodge 4th quarter Activity Statements (if lodging by paper)

11 AUGUST

Lodge 4th quarter Activity Statements (if lodged electronically or using a BAS or Tax Agent

21 AUGUST

Lodge July monthly Activity Statements

YOUR HIP POCKET - Super Opportunities for Older Australians

In the 2019-20 Budget, the Australian Government announced that Australians over 65 years of age would have greater flexibility in making voluntary superannuation contributions These changes come on stream from 1 July 2020.

1. **Relaxing the Work Test**

From 1 July the Government has removed the 'work test' for individuals aged 65 and 66. This aligns the work test with eligibility for the Age Pension which will increase to 67 from 1 July 2023. The change will enable an additional estimated 55,000 individuals to make concessional and non-concessional (after tax) voluntary contributions even if they are not working. The work test – which requires older Australians to work a minimum 40 hours over a 30-day period in order to make a voluntary superannuation contribution – will remain in place for those aged 67-74.

The suspension of the work test, will enable individuals aged 65 and 66 who are no longer working, or only working a few hours per week, to contribute to superannuation and enjoy the tax concessions that it provides. Taxpayers in this age bracket will also have automatically met a condition of release (i.e. turning 65), and therefore will be able to withdraw these contributions as and when they please.

2. **Enabling more spouse contributions**

From 1 July 2020, the Government has increased the age limit for spouse contributions from 69 to 74 years. Before this date, individuals aged 70 and over could not receive contributions made by another person on their behalf. Therefore, individuals up to and including age 74 will be able to receive spouse contributions, with those aged 65 and 66 no longer needing to meet the work test. As has been the case in the past for recipient spouses aged between 65 and 70, a recipient spouse aged 67 to 74 will need to satisfy the work test in order for the super fund to accept the contribution. Giving taxpayers with greater ability to contribute on behalf of their spouse, can be particularly advantageous where the recipient spouse is significantly older, or has a low income, or where the contributing spouse is unable to contribute personally.

3. **Extending Eligibility for the Bring-Forward Cap**

In a measure designed to complement the above removal of the work test, from 1 July 2020, access to the bring-forward cap has been extended from taxpayers aged less than 65 years of age to those aged 65 and 66. This will enable these individuals to make up to three years' worth of non-concessional contributions, normally capped at $100,000 per year, to superannuation in a single year (but no more than $300,000 over the three-year total period). This will give older people increased flexibility to save for retirement. Individuals in this age bracket will be able to contribute lump sums that they have on hand into superannuation more quickly; bringing forward the accompanying tax concessions available in the superannuation environment – rather than a maximum of $100,000 per year under the current rules that apply. This change may result in significant tax savings.

HR - New Stand Down Rules

Businesses that are eligible for the JobKeeper scheme now have more flexibility under the Fair Work Act to make changes to manage the workplace impacts of the COVID-19 pandemic, such as standing down employees or reducing their hours.

Prior to these new emergency laws, employers could not stand down employees without pay because there was a lack of work. Rather this could only be done where there was:

- equipment break down, if the employer was not responsible for it
- industrial action, when it was not organised by the employer
- a stoppage of work for which the employer was not responsible including, severe and inclement weather or natural disaster.

However, recognising the effect of COVID-19 on business, on 2 April 2020 the Fair Work Act was amended to support the implementation of the JobKeeper scheme. Eligible employers under the JobKeeper scheme will be able to:

- stand down an eligible employee who cannot be usefully employed as a result of COVID-19 or government initiatives to slow its transmission;
- unilaterally reduce an eligible employee's hours;
- unilaterally change an eligible employee's duties and work location if it is safe, within the employee's skill and competency, and reasonably within the scope of the business; and
- agree with an eligible employee to change their work days or take annual leave (provided the employee keeps two weeks of annual leave).

These flexibilities supplement existing rights under the Act, awards and enterprise agreements. They will only apply until 27 September 2020.