

## A reflection on 2020

Like you, as business owners and board members, we have been faced with making decisions for issues and problems we had not previously experienced. Learning as we went and stepping through every opportunity, change and challenge that was put in front of us. I have been so inspired by the innovation, tenacity and grit that so many of our clients have demonstrated in 2020.

At the beginning of the year for AFS we were planning on sharing with you our beautiful renovated offices as we had just been through a transformation to an agile working environment. Whilst that wasn't possible I am so glad we have been able to re-open our office and have some of our team back together to enjoy this space and seeing each other in person.

I am extremely proud of our team and how they have continued to deliver our client first focus, to care for our clients and each other, build resilience when there was no end date known to restrictions and to develop new ways of working. All whilst dealing with the impacts of COVID-19 on their own personal lives.

To you, our clients and friends, thank you for your support and flexibility when we all needed to adjust to remote working. Together we have found new ways to audit, communicate, process your compliance requirements, drop in documents and deliver outcomes to support your needs.

AFS aims to be your partner in success and provide peace of mind. In 2020 this included walking beside you through the uncertainty, unpacking and communicating to you Federal and State Government announcements for restrictions, support and stimulus packages aimed at maintaining trade and life in business, whilst also providing ongoing support. I trust this has been your experience when working with AFS.

We all wish you a very merry Christmas and a happy and healthy new year and look forward to working with you in 2021 and beyond.



**Kate Mannix**

CEO

### December economic update

December is here along with a renewed sense of optimism. It's been a tough year, but once again Australians have proved extremely resilient.

November was an extraordinarily action-packed month for the global and local economy. Joe Biden's US election victory released a pressure valve on global markets,

with US shares reaching new historic highs and Australian shares up more than 9% over the month.

Markets also responded positively to the potential early release of effective coronavirus vaccines despite a rise in global cases. Oil prices were quick to respond to the prospect of borders reopening, with Brent Crude up almost 22% over the month.

In Australia, the Reserve Bank (RBA) cut its target cash rate and three year government bond yields from 0.25% to 0.1%. The RBA is not

expecting to increase rates for at least three years. Early indications are that swift action by the government and the RBA have limited the impact of the COVID-19 recession. Economic growth is now forecast to contract 4% in 2020, before rebounding 6% in the year to June 2021.

The Australian dollar rose 5% on US dollar weakness in November, to close at US74c. The US currency is falling as a spike in coronavirus infections and delays in government stimulus raise the prospect of more money printing.



### Christmas closing break

The AFS team wish you a happy, healthy and safe Christmas and New Year. Our team will be taking a well deserved break from midday Wednesday 23 December returning on Monday 11 January 2021.



## JobKeeper payment reducing from 4 January 2021

From 4 January 2021, JobKeeper extension 2 will come into effect and will run until 28 March 2021.

Businesses and not-for-profits will need to demonstrate they have met the relevant decline in turnover test with reference to their actual GST turnover in the December quarter 2020, compared to the same period in 2019. This is as follows:

- > 50% decline for those with an aggregated turnover of more than \$1 billion
- > 30% decline for those with an aggregated turnover of \$1 billion or less
- > 15% decline for Australian Charities and Not-for-profits Commission registered charities (excluding schools and universities).

If you weren't eligible for JobKeeper extension 1 you may still be eligible for extension 2 if you meet the turnover tests.

From 4 January to 28 March 2021, the payment rates will be:

Tier 1 rate, \$1,000 per fortnight (before tax) – this rate applies to:

- > eligible employees who worked more than 20 hours a week on average in the four weeks of pay periods before either 1 March 2020 or 1 July 2020
- > eligible business participants who were actively engaged in the business for 20 hours or more per week on average and provide a declaration to that effect

Tier 2 rate, \$650 per fortnight (before tax) – this rate applies to:

- > any other eligible employees and eligible business participants.

For more details see our blog **[JobKeeper 2.0 – guidance for employers.](#)**  
Please contact us if you have any questions regarding JobKeeper extension 2.



## Increase to minimum wage – industry awards

It was announced earlier this year that there would be an increase to the minimum wage in Australia, coming into effect on three different dates for different groups of industry awards.

The minimum wage has been increased to \$753.80 per week or \$19.84 per hour, an increase of 1.75%. This constitutes an increase of \$13 per week, or 35 cents to the hourly rate.

The decision to implement the wage increase on three different dates is based on restrictions to contain COVID-19.

### When will your award increase?

#### Group 1 Awards – from 1 July 2020

- > Frontline health care and social assistance workers
- > Teachers and child care
- > Other essential services

#### Group 2 Awards – from 1 November 2020

- > Construction
- > Manufacturing
- > A range of other industries

#### Group 3 Awards – from 1 February 2021

- > Accommodation and food services
- > Arts and recreation services
- > Retail and Tourism

We recommend that employers review their wage arrangements and implement the necessary wage increases to ensure the new minimum wage rates are met for your specific industry award. Those paying above award payments should also review their wage arrangements to ensure they are high enough to accommodate for the increase in minimum wage.

For a full list of awards in each group, view the Fair Work website **[here.](#)**  
If you have or questions or would like assistance in reviewing your wage arrangements, please get in touch.

## Personal tax cuts are now law

The recently introduced personal income tax cuts apply to wages paid on or after 13 October 2020.

No adjustment is needed for wages previously paid for the year to date.

The Australian Taxation Office (ATO) has released updated tax tables to help employers calculate the required PAYG withholding amount. View the tax tables [here](#).

To reflect the new tax thresholds, employers should have updated their payroll system by 16 November 2020.

With these changes coming partway through the income year, employees and other payees will receive their entitlement to the reduced tax payable for the entire 2020–2021 year when they lodge their income tax returns for that period.

If you need any assistance to confirm you have implemented these changes correctly, please get in touch.



## Federal Budget 2020–21 Analysis from a tax perspective

Tax and business investment took centre stage in the Federal Budget this year, as the Government seeks to reboot growth and repair damage from COVID-19 on Australia's economy and employment.

The focus on tax brought forward the start date for the next round of tax changes. Backdated to 1 July 2020, these measures provide immediate tax relief for individuals and small businesses.

In addition, the reintroduction of measures allowing the carry-back of tax losses and a significant expansion of existing asset write-offs should help support medium and small businesses who have been facing tough trading conditions.

### Temporary carry-back of tax losses

Companies with turnover of up to \$5 billion will also be able to generate a tax refund by offsetting tax losses against previous profits on which tax has been paid. Losses incurred in 2019–20, 2020–21 and 2021–22 can be carried back against profits made in or after 2018–19.

Under the new measure, eligible companies can elect to receive a tax refund when they lodge their 2020–21 and 2021–22 returns. This will help previously profitable companies who are making losses due to COVID-19 access a cash refund to keep their business running, or to take advantage of the new full write-off provision.

### More small business tax concessions

From 1 July 2020, the annual turnover test for a range of business tax concessions increased from \$10 million to \$50 million. This includes immediate deductions for eligible start-up expenses and prepaid expenditure.

In addition, from 1 April 2021, eligible businesses will be exempt from the 47% Fringe Benefits Tax (FBT) on car parking and work related portable devices such as phones and laptops provided to employees.

From 1 July 2021, eligible business will be able to access simplified trading stock rules, remit their PAYG instalments based on Gross Domestic Product (GDP) adjusted notional tax, settle excise duty monthly and enjoy a two year amendment period for income tax assessments.

### Companies gain full asset write-off

For businesses, a major announcement was the introduction of a temporary tax incentive allowing the full cost of eligible depreciable assets to be written off in the year they are first used or installed ready for use. This will also apply to the cost of improvements.

From 6 October 2020, companies with a turnover of up to \$5 billion can fully claim eligible depreciable assets as an expense until 30 June 2022.

If you would like to discuss how you can make the most of these Budget measures, please contact us.



# Current financial support opportunities for businesses impacted by COVID-19

## JobMaker Hiring Credit

The JobMaker Hiring Credit scheme provides incentive for employers to boost their employee headcount and hire new workers. It aims to boost the employment prospects for 16–35 year olds who were particularly impacted by COVID-19 restrictions.

The JobMaker Hiring Credit is available to eligible employers from 7 October 2020 to 6 October 2021.

For each new job they create over this time, employers will receive:

- > \$200 per week to hire a worker aged between 16 and 29, or
- > \$100 per week to hire a worker aged between 30 and 35.

To be eligible, businesses must:

- > hold an Australian Business Number (ABN)
- > be up to date with their tax lodgement obligations
- > be registered for Pay As You Go (PAYG) withholding
- > be reporting through Single Touch Payroll (STP)
- > have an increase in total employee headcount from 30 September 2020
- > have an increase in payroll compared to the three months prior to 30 September.

There is also further criteria regarding the eligibility of employees.

Registrations will be open through ATO online services from 7 December 2020.

View the full JobMaker Hiring Credit fact sheet [here](#) for more details.

## Coronavirus Supplement on JobSeeker Payments

The period for payment of the COVID-19 supplement has now been extended from 25 September to 18 December 2020, but at the reduced rate of \$250 per fortnight (down from \$550).

A further instrument will be made to extend the supplement from 19 December to 31 December 2020.

The income-free amount is temporarily increased to \$300 a fortnight for certain JobSeeker Payment recipients for the period 25 September 2020 to 31 December 2020.

The partner income taper rate for JobSeeker Payment recipients has been increased to 27 cents for every dollar of partner income over the partner income free area of \$1,165 per fortnight. This allows a person with no income to receive the JobSeeker Payment and Coronavirus Supplement provided their partner earns less than \$3,086.11 per fortnight, until 31 March 2021.

## Bankruptcy concessions and director liability safe harbour extension

The temporary insolvency and bankruptcy protections will be extended until 31 December 2020.

Regulations will be made to extend the temporary increase in the threshold at which

creditors can issue a statutory demand on a company, as well as the time companies have to respond to statutory demands they receive.

The changes will also extend the temporary relief for directors from any personal liability for trading while insolvent.

## Early release of superannuation

The application period has been extended to allow people to access up to \$10,000 of their superannuation tax free for the 2020–2021 year.

You can apply via the myGov website until 31 December 2020.

## Small Business Digital Adaptation Program

The Small Business Digital Adaptation Program will allow eligible businesses to trial and then purchase digital products, tools and training to build digital capability in their day-to-day operations.

Products available through this program include website, e-commerce, finance and digital business management tools.

The program also offers free digital adaptation training and workshops to help registered businesses adopt and implement online tools in their business.

Once businesses have purchased a product, they can apply for a rebate of \$1,200 to access the product for 12 months.

The program is for small businesses, sole trader and micro businesses.

To be eligible for the program an applicant must:

- > operate a business located in Victoria
- > hold an ABN
- > have held that ABN on 13 September 2019
- > be registered for Goods and Services Tax (GST) on 13 September 2020.

Not-for-profit entities that are not registered for GST and are registered with the Australian Charities and Not-for-profits Commission are eligible to apply.

Registrations close 28 February or until funds are exhausted, whichever is earlier. For guidelines, criteria and to apply visit the [Business Victoria](#) website. If you need assistance applying please don't hesitate to call us.



## Victoria to enjoy a 'COVIDSafe Summer'

As Victoria continues to record days of zero new COVID-19 cases, the Victorian Government's decision to implement the next step known as 'COVIDSafe Summer' will benefit businesses across a range of industries as they look to increase operations to pre-COVID levels.

On 7 December, Victoria moved to COVIDSafe Summer. This step involves a number of eased restrictions which aims to allow Victorians to get back to doing the things they love while also protecting all of the hard work achieved this year in limiting the spread of the virus.

The changes include:

- > Wearing a face mask is only mandatory on public transport, while in taxis or ride share vehicles, or when going to large retail venues, including shopping centres, supermarkets and department stores.
- > Restaurants, cafes, bars and pubs can open for seated and unseated service.
- > Weddings, funerals and religious gatherings can occur with no limits on the number of guests or attendees.
- > Dance floors can reopen in bars and pubs as well as weddings.
- > You can have up to 30 visitors to your home per day and there is no limit on the number of households those people come from.
- > Up to 100 people can meet outdoors in a public place.
- > Businesses that are required to record the details of visitors should use electronic record keeping or QR codes.

**Click here** for full details on COVIDSafe Summer and the easing of restrictions across Victoria.



## Working from home "shortcut" deduction extended

The shortcut rate for claiming work from home running expenses has been extended, in recognition that many employees and business owners are still required to work from home due to COVID-19. This shortcut deduction rate was previously extended to 30 September 2020, but will now be available until at least 31 December 2020.

Eligible employees and business owners can choose to claim additional running expenses incurred between 1 March 2020 and 31 December 2020 at the rate of 80 cents per work hour, provided they keep a record (such as a timesheet or work logbook) of the number of hours worked from home during the period.



## Online AGMs and digital signatures legislation extended

The Government has formally extended the ability for companies to convene Annual General Meetings (AGMs) and other prescribed meetings entirely online until March 2021.

This extension allows company boards to:

- > provide notice of AGMs to shareholders using email
- > achieve a quorum with shareholders attending online
- > hold AGM meetings online, with shareholders able to put questions to board members online and vote online.

Company officers are also permitted to use electronic signatures to meet the relevant legal requirements.



## Supporting our community

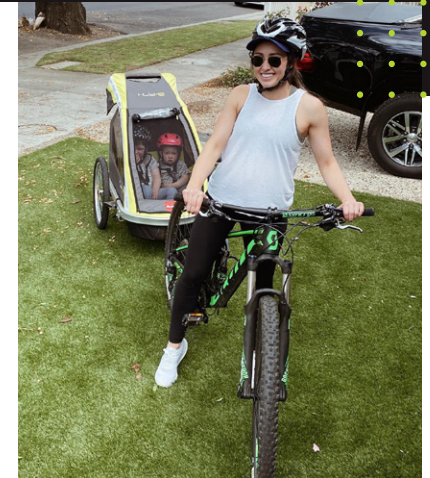
### Move for mental health

In the month of October the AFS team participated in the Move for Mental Health challenge. Our team walked, ran, cycled, swam and rowed to raise vital funds for the improvement of mental health facilities, services and complementary therapies provided by Bendigo Health across the region.

Over the course of the month, we travelled 9,200 kilometres and raised more than \$15,000.

With a known connection between exercise and improved mental health, the team benefited from taking the time to get outside and exercise, supporting the community whilst doing so.

We would like to send a huge thank you to all family and friends who donated and encouraged us. The success of the challenge was celebrated by AFS Partner Dennis Barnett riding his bike through Bendigo in a tutu!



## AFS insights

### Five questions for boards to ensure a cyber-safe organisation

Cyber attacks are a constant threat, however, COVID-19 even further heightened this risk for businesses.

Board members play an important role in cyber security and there are five key questions they should ask to ensure a cyber-safe organisation.

### Tips to ensure inclusive video meetings

COVID-19 has put an end to a lot of our regular face-to-face interactions and making online video meetings the norm.

There are a number of tips you should implement to ensure your meetings are inclusive for all.

### What you need to know about building an investment property

When thinking of an investment property, your first thought probably isn't an empty block of land. But did you know that there are many advantages to building an investment property?

Not only can you build the property to be fit-for-purpose, there are long-term financial benefits that can boost your cash flow.

## In the media

In November, AFS teamed up with the City of Greater Bendigo to provide a free webinar to businesses across the region as part of the 'Talking COVID' webinar series.

Business Services Partner, Damien Palmer, appeared on the webinar to provide an insight into the various State and Federal Government support packages available to businesses who have been impacted by COVID-19.

To view the blogs in full visit our insights page [afsbendigo.com.au/insights](https://www.afsbendigo.com.au/insights)



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