

## Client Update February 2022

### Happy New Year 2022 thus far

While our lives are by no means back to pre-COVID times, so far this year has given us a taste of the 'new normal'. Kids have returned to school, sports and dining are back and businesses are busy, all while facing new and somewhat unpredictable challenges.

While dealing with the impact of COVID-19, staff shortages and isolation requirements were some of the many roadblocks that businesses needed to manage to stay open.

Australian businesses of all types are facing difficulty filling positions and having to navigate recruitment processes in a whole new way.

Despite these challenges, there is an optimism that hasn't wavered, even through the Omicron outbreak. It's inspiring to see so many new businesses opening up, events being held, our clients thriving and Bendigo growing. We look forward to welcoming more of our team members back to the office next week as mask requirements change and the recommendation to work from home lifts. These changes will certainly boost our local economy with more movement around workplaces.



**Kate Mannix**

CEO AFS & Associates

### Fringe Benefits Tax deadline approaching!



As we approach the deadline for Fringe Benefits Tax (FBT) returns for the 2021-22 FBT year, now is a good time to check over your vehicle logbooks and ensure your records are accurate and up-to-date. The statutory due date for lodgement and payment to the ATO is 23 May 2022 if you self-lodge. When prepared by a tax agent, an extension to 27 June 2022 is available.

If you'd like us to help prepare your return,  
please get in touch with Samantha  
[fbt@afsbendigo.com.au](mailto:fbt@afsbendigo.com.au)



## State and territory COVID-19 support

There is still a range of government funding and grants available to businesses across Australia.

Below is a list of all the financial assistance currently available in each state and territory. If you would like more information on any of the support, click here to visit our blog.

If you have any questions regarding any of the support, including determining your eligibility or how to apply, please call us on 03 5443 0344 or email [afs@afsbendigo.com.au](mailto:afs@afsbendigo.com.au)

### All states and territories

- > Boosting Apprenticeship Commencements

### Australian Capital Territory

- > Payroll Tax Exemption

### New South Wales

- > Small Business Fees and Charges Rebate
- > NSW Performing Arts COVID Support Package

### Queensland

- > COVID-19 Cleaning Rebate
- > Tourism Business Financial Counselling Services
- > Support for Tourism Operators and Hospitality Providers

### South Australia

- > COVID-19 Business Hardship Grant
- > COVID Clean Infection Control Training

### Tasmania

- > Business Growth Loan Scheme
- > Rapid Response Skills Initiative

### Victoria

- > Coronavirus Payroll Tax Relief
- > COVIDSafe Deep Cleaning Rebate
- > Seasonal Worker Program and Pacific Labour Scheme
- > Business Recovery and Resilience Mentoring Program

### Western Australia

- > Apprenticeship and Traineeship Re-engagement Incentive



## COVID-19 setting changes

Changes to COVID-19 settings in Victoria saw many changes in February.

Along with a change to indoor mask rules, the public health recommendation for Victorians to work or study from home will be removed this week and many places of business no longer need to utilise QR check-in as announced earlier in the month.

Public health recommendations in Victoria will change as of 11:59pm on Friday 25 February, relaxing the rules around masks in most indoor settings.

Masks will still be required in the following indoor situations, unless an exemption applies:

- > people on public transport, in taxis and rideshare, on planes, and indoors at an airport
- > people working or visiting hospitals, and indoor areas at care facilities
- > workers in hospitality, retail and the court system
- > workers at justice and correctional facilities
- > students in year 3 or above at primary school, and workers at early childhood centres and primary schools (masks can be removed in secondary school)
- > people working indoors at an event with more than 30,000 people attending
- > in special circumstances, such as if you have COVID-19 or are a close contact and you're leaving home.

The changes come as Victorian hospitalisation rates decline and third dose vaccinations increase, allowing many the freedom to return to the office.

Also announced, public hospitals will be able to resume all surgery, with capacity to be based on an individual assessment of staff availability. Private hospitals will be able to resume up to 100 per cent of pre-COVID activity.

All remaining restrictions on elective surgeries will be lifted on Monday 28 February.





## Will COVID tests be tax deductible?

The Federal Government has announced its intention to legislate to make COVID-19 tests tax-deductible for those purchased for work-related reasons.

According to the Government's proposal, COVID-19 tests would be tax deductible for Australian individuals and exempt from fringe benefit tax (FBT) for businesses when they are purchased for work related purposes.

The amount an individual would get back would be determined by their tax rate. For example, someone earning an income taxed at 32.5 per cent would receive a tax refund of about \$6.50 for every \$20 spent on Rapid Antigen Tests.

In order to claim your COVID-19 tests, you'll need to follow the same steps as any other work-related expense. This means you would need to keep some form of record to prove that you spent money on it (like a receipt).

With the Federal election fast creeping up, there doesn't seem much time for this proposal to be introduced in Parliament and passed into law. There is also uncertainty as to whether a possible Labor government would champion this specific tax-deductibility measure, in particular due to Labor's election pledge to provide free RATs to all Australians through Medicare.

In the interim, the ATO recommends that people and businesses incurring work-related expenses for COVID-19 tests keep clear records (eg receipts), to make claiming straightforward should the purchases become deductible in the future.

We will keep you updated with any related breaking news.



## What you need to know about Single Touch Payroll Phase 2

Single Touch Payroll (STP) is a Government initiative that sends tax and superannuation information from your payroll software to the ATO as you prepare your payroll.

With the purpose to streamline the reporting obligations for employers and individuals and remove the need for manual reporting to other government agencies, Phase 2 of STP was created.

The key changes of this phase are:

- > disaggregation of gross income amounts
- > employment and taxation conditions
- > country codes
- > child support garnishees and child support deductions
- > reporting previous business management software IDs and Payroll IDs.

More details can be found on our rolling Blog [here](#).

Although this phase began on 1 January 2022, some software providers received an extension to be able to prepare for this rollout.

The key dates for Phase 2 to begin for the following software providers are as follows:

<b>QBO Intuit:</b>	1 March 2022	<b>MYOB:</b>	1 January 2023
<b>Reckon:</b>	1 January 2023	<b>Xero:</b>	1 January 2023.

If your software isn't listed above, we recommend discussing with your software provider to determine when Phase 2 begins for you and if any changes are required.

Please feel free to contact our software experts if you need any assistance.



## \$200 million package to support Victorian jobs, economy and businesses

The Victorian Government announced its plan to support Victoria's economy through a \$200 million package with programs for businesses and individuals.

The package includes the following supports for businesses:

- > \$60 million Ventilation Voucher Program to help small businesses purchase equipment and upgrades to reduce the spread of COVID-19 in the workplace and improve customer confidence.
- > A further \$5 million to extend the Small Business Digital Adaptation Program, providing rebates of up to \$1,200 so businesses can access a range of digital tools.
- > Extension of the Business Recovery and Resilience Mentoring Program with the Victorian Chamber of Commerce and Industry so more small businesses have access to coaching.
- > \$34.2 million of Jobs Victoria funding to place workers in over 1,500 jobs across hospitality, warehousing and logistics, tourism and food processing.

Individuals can also take advantage of the Entertainment Voucher Scheme, Dining Vouchers and the Regional and Metropolitan Travel Voucher Scheme as they get out and about across the state.

These programs are commencing throughout March 2022, for specific dates and details, click [here](#).



## Small Business Digital Adaptation Program

Does your accounting software require a refresh? The Small Business Digital Adaptation Program opens on 28 March and offers a \$1,200 rebate to access a range of digital business tools to help modernise business operations. These could include:

- > online menus and ordering system
- > stock and business management tools
- > website and e-commerce platforms
- > new subscriptions to accounting software.

"Getting the right software for you and your business can greatly increase the accuracy of your financial information while also improving your overall productivity.

This provides you with the ability to obtain timely and reliable information for decision making as well as giving you the time to analyse and grow your business."

Sam Oliver – Senior Accountant

Speak with us to discuss your options and eligibility.



Sam Oliver



Josh Gordon





## Changes to Recovery Loan Scheme for small and medium enterprises

As a part of an economic package to help businesses recover from the impacts of the COVID-19 pandemic, the Federal Government provided low cost credit to qualifying small and medium enterprises (SMEs) through the SME Recovery Loan Scheme. When it was first introduced, and until 31 December 2021, the government essentially guaranteed 80% of the loan amount. However, from 1 January 2022, as restrictions have eased, the government guarantee has been reduced from 80% of the loan amount to 50% of the loan amount. The eligibility conditions have also been fine tuned, with the scheme due to end on 30 June 2022.

Eligible small and medium businesses with up to \$250 million turnover can access up to \$5 million in total from participating lenders.

Loans can be unsecured or secured and will generally be for terms of up to 10 years, with an optional repayment holiday period of up to 24 months. A loan can be used for a range of business purposes, including investment support or refinancing the pre-existing debt of an eligible borrower.

The maximum rate will be capped at around 7.5%, with flexibility for interest rates on variable rate loans to increase if market interest rates rise over time. Participating lenders can offer any suitable product to eligible businesses except for credit cards, charge cards, debit cards or business cards.

## Free mental health support for small business

The Federal Government has announced additional funding to extend the availability of free mental health support to small business owners dealing with the current pandemic and recent natural disasters.

**NewAccess**, developed and provided by Beyond Blue, provides free, confidential, one-on-one mental health support by phone or video call to small business owners, including sole traders. The coaches are former small business owners themselves, so they understand the unique challenges that small businesses face, including family and financial pressures.

The sessions use Low-intensity Cognitive Behavioural Therapy (LiCBT) work, tailored to your needs, to help you recognise the ways you think, act and feel, and to separate from unhelpful thoughts. You'll learn practical skills to manage stress and get back to feeling like yourself.

More information about NewAccess is available on the Beyond Blue [website](#).

The **Small Business Debt Helpline** is run by Financial Counselling Australia. It's a free service for small business owners in financial difficulty, and offers independent, confidential and impartial support to navigate issues including avoiding bankruptcy, negotiating payment plans, debt waivers, grant applications and insolvency.

The helpline's professional financial counsellors offer a listening ear and practical business advice. They don't sell anything or work on commission.

You can contact the Small Business Debt Helpline by calling 1800 413 828 or see the Small Business Debt [website](#).

The **Partners in Wellbeing Mental Health Program**, locally in partnership with Be.Bendigo, offers free and confidential one-on-one access to a wellbeing and mental health coach. They have the skills and insights to improve sense of wellbeing, to develop coping strategies, and provide advice and support.

Contact Sharmi Cantwell, Mental Health Consultant on 0419 285 637.





## Changes to non-arm's length income and expenditure rules

SMSF regulations have very clear rules in relation to non-arm's length income (NALI) and non-arm's length expenditure (NALE) which have been clarified in a recent ATO ruling (LCR 2021/2).

NALI occurs when the SMSF receives income that is not on commercial terms, such as paying an inflated market rent for leasing a SMSF property.

NALE occurs when the SMSF receives lower expenses than commercial terms, such as no interest charged on a related party limited recourse borrowing arrangement (LRBA) loan.

Any income derived by an SMSF that is NALI or as a result of NALE will be taxed at the top marginal tax rate (45%), rather than the concessional rate of 15% that applies to most income in a SMSF.

NALE incurred by a trustee of a SMSF that is of a general nature does not need to have a direct connection to income produced by the fund for these rules to apply. Instead, it would be deemed to have a connection with all the fund's income and all the fund's income would be assessed at the top marginal tax rate as NALI.

There also does not need to be a direct connection between the fund's expenses (or lack thereof) and a fund's income, nor are there thresholds of the monetary value of the service provided.

The ATO has made it clear that as long as your SMSF incurs an expense on arm's length terms for all services it receives, these new arm's length rules will have no adverse application.

Examples of potential breaches of the NALE rules may include:

- > A SMSF owning an investment property and not paying a management commission to their real estate agency that manages the relationship with the tenant (or the commission charged is lower when compared with other properties under management).
- > A SMSF owning an investment property and their construction business charges the SMSF for repairs and improvements using a commercial rate (including materials and labour) lower than those that apply to other customers, or not charging at all.
- > A commercial property being transferred to a SMSF for less than its market value.
- > Listed shares acquired by an SMSF from a fund member at less than market value.
- > A SMSF entering a non-commercial LRBA.
- > A SMSF that benefits from discounted goods and/or services that are inconsistent with normal commercial practices.

Contact Andrew Morris or Ryan Trickey on (03) 5434 7600 to review or discuss whether this important matter applies to the circumstances of your SMSF.

*Please note that any taxation and accounting services are not endorsed nor the responsibility of Count Financial Limited.*





## Victoria Summit 2021 Playbook released

Powered by the Victorian Chamber, the Victoria Summit 2021 was a unique opportunity for thought leaders from industry, unions, governments, the community and educational institutions to work together to create a shared, bold, compelling and aspirational vision for Victoria and a path for our state's economic recovery and long-term prosperity. More than 700 ideas from the Summit process have been captured in the Victoria Summit 2021 Playbook. The Playbook identifies 10 pillars, 46 pathways and 189 actions that guide the bold activity required to achieve the vision, informing policy decision makers of the vision for Victoria by Victorians – Victoria is the best place to live, learn, work and operate a business by 2050.

[Read the Victoria Summit 2021 Playbook](#)



## Developing a healthier workplace

Our team is taking part in the Achievement Program Victoria, an evidence based health and wellbeing program, aligned to the World Health Organization's healthy workplaces model.

There are five health areas in the program which contain set achievement targets that help create an environment that promotes health and healthy behaviours.

In addition to achieving 'physical activity' and the 'mental health and wellbeing' priority, we have now reached our 'healthy eating' milestone.

Thank you to Bendigo Community Health Services and the Achievement Program for guiding us to a healthier workplace.

## AFS insights



The Energy Efficient Communities (EEC) Program provides small and medium businesses in the food and beverage manufacturing industry with cash grants of up to \$25,000.

The grants are provided to help businesses improve energy efficiency practices and technologies, and better manage energy consumption to reduce their power bills.



Victorian Auditor-General's Office (VAGO) recently presented a report to Parliament on a review into Major Project Performance and Reporting.

The review examined the Department of Treasury and Finance, including the Office of Projects Victoria, as well as 16 other entities responsible for 110 major projects.



Australia's property market boom may be slowly coming to an end. According to the Commonwealth Bank, prices are expected to peak in 2022 before sinking 10% in 2023, as higher borrowing costs and 'natural fatigue' set in. The recently announced Windfall Gains Tax will commence from 1 July 2023 and may also impact property prices.

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



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