

COMMUNITY BANK NEWS UPDATE

Issue 7
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AFS
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Chartered Accountants



Norcen House opened its doors in February 2020. The building not only holds the Wallan & District Community Bank branch, but houses the administration offices for NorCen Financial Services Limited, the parent company for Wallan and Kilmore Community Bank branches and the new Broadford Community Bank branch. Other facilities at the site include the new GOTAFE and La Trobe University Wallan Campus and the office for the Federal Member for McEwen.

AFS is proud to continue to assist clients like Norcen FSL with services and advice to help them achieve their goals.

Pictured above: Wallan & District Community Bank team and Bendigo Bank Managing Director and Management.

A word from Audit Partner Josh Griffin

2020 has already been a big year for all of us with the impacts of a global pandemic.

In this news update we provide you with an overview of the government support available for Community Bank companies impacted by COVID-19. There are also ASIC reporting changes, guides around virtual AGMs, the adoption and recognition of AASB 16 Leases and tax planning tips for your company.

We have received some great feedback from some of the 52 clients using our online share registry platform. Please contact me if you are yet to take advantage of this service and would like to know more about it.

ASIC extend financial reporting deadlines

The Australian Securities & Investments Commission (ASIC) has extended the financial reporting deadline by one month from 30 September 2020 to 31 October 2020 due to COVID-19 impacts.

Where possible, entities should continue to lodge within the normal statutory deadlines and AFS will still be working to a 30 September 2020 deadline as per usual.

For more details please visit the ASIC website www.asic.gov.au or contact us to discuss.

Government COVID-19 support packages

The Federal, State and Territory governments are providing several financial support packages in response to the COVID-19 pandemic. Some of these include:

- Cashflow Booster - up to \$100,000 is available for small to medium businesses that are employers. These payments will be delivered by the Australian Taxation Office (ATO) as automatic credit in the activity statement system upon employers lodging the eligible activity statements. The credit is based on the amount of withholding tax (PAYG).
- Payroll Tax - waivers, deferrals and refunds of payroll tax are available. These differ for each State and Territory.
- Instant Asset Tax Write-Off - the instant asset write-off threshold amount for each asset increased on 12 March 2020 to \$150,000 (up from \$30,000). You can now purchase an eligible asset and get a tax deduction for the entire amount, reducing your taxable income. The increased threshold is available until 31 December 2020.
- JobKeeper Payment - wage support is available from the ATO where income has declined by 30% from a comparable period. It is unlikely at this stage that Community Banks would be eligible for this package.

There are also a number of grants and further financial relief available, depending on your State or Territory.

Call us to discuss on 03 5443 0344 or visit our website to see our blog, where we have kept a rolling update of the support available.

www.afsbendigo.com.au/rolling-update-financial-support-amid-covid-19-crisis

Changes to this year's Annual General Meetings

Postponing AGMs

Public companies now have up to seven months to hold their Annual General Meeting (AGM) after year end (previously five months) due to COVID-19 impacts. With restrictions on large gatherings, travel restrictions and concerns about attending large group meetings, ASIC has taken a 'no action' position. This also allows additional time for distribution of financial reports to members prior to the AGM for companies relying on the extension for lodgement of financial reports.

The Board should consider this information in line with any other relevant regulations and consider if changes are required for normal reporting and AGM proceedings.

Holding your AGM online

Temporary amendments to the requirements of the *Corporations Act 2001* have been introduced which allow companies to hold AGMs (and other meetings) entirely online effective from 6 May 2020 to 6 November 2020 using one or more technologies, without the need for attendees to be physically present.

The temporary concessions:

- deems persons participating via virtual technology to be present at the meeting
- confirms virtual technology may be used to provide persons a reasonable opportunity to speak at the meeting, including to ask questions of the auditor
- require any vote taken at the meeting to be taken on a poll (and not a show of hands). Where practicable, voting online should also be available prior to the meeting.
- allows notices of meeting, to be provided in an electronic communication, or provision of details of an online location where it can be viewed and downloaded.

Where a company has specific provisions within its constitution which prohibit or restrict virtual participation in an AGM, that entity may need to consider relying on ASIC's 'no action' position and defer the AGM.

For more details visit: asic.gov.au/about-asic/news-centre/news-items/asic-guidelines-for-investor-meetings-using-virtual-technology

Adoption and recognition of AASB 16 Leases

The new leases standard AASB 16 Leases (AASB 16) became applicable at the half-year reporting period ending 31 December 2019. We assessed the application of AASB 16 at the half-year review and will ensure the appropriate accounting treatment has occurred since then when auditing the 30 June 2020 financial statements.

The main changes introduced by AASB 16 include:

- recognition of a right-of-use asset and lease liability for applicable leases (e.g. branch lease)
- rent expense replaced by right-of-use asset depreciation and lease liability interest expense
- additional disclosure requirements in the financial statements.

Tax planning 2019/20

With the end of the financial year rapidly approaching it's time to consider implementing tax planning measures to optimise your financial position. Some measures include:

- ensure all superannuation contributions owing on behalf of your employees are paid by 30 June 2020. Unpaid superannuation at 30 June 2020 is not deductible this financial year
- pay any staff bonuses prior to 30 June 2020
- review your listing of plant and equipment and identify any items which need to be written off or physically scrapped
- bring forward eligible asset purchases to take advantage of the increased instant asset write-off threshold in this financial year
- consider contributions to the Community Enterprise Foundation prior to 30 June 2020. The contributions provide added flexibility when tax planning as they are tax deductible when paid but can be utilised for community investment in future periods.

The measures listed above are of a general nature. Please contact us if you would like tax planning advice specific to your own circumstances.

If you have any questions about articles in this update please contact any of the Community Bank team members on 03 5443 0344 or communitybank@afsbendigo.com.au