

An update of the government assistance packages due to the COVID 19 outbreak

(Updated: 21 September 2020)

久山・伊藤会計事務所
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Accounting, Tax & Business Advisors



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Financial support for businesses due to extended lockdown in Victoria

(issued 21 September 2020)

We understand the frustration faced by many business operators in Victoria (especially in Melbourne) with the extended lockdown periods which is causing another round of financial stress for businesses.

Therefore, the Victorian government has recently announced another range of grants and other measures to support businesses survive the extended lockdown continuing from Monday 14 September. Please find as below what we know so far to what has been called the “the single biggest package of its kind in the history of the state of Victoria”.

In summary, some of the support for businesses that have offered include,

- (1) **Business Support Fund** (Round 3 of the state government grants)
- (2) **Sole Traders Support Fund**
- (3) **Grants for the Hospitality Industry**
- (4) **Relief for commercial tenants and landlords**

Third round of the Business Support Fund

The Victorian State government is offering another round of the grants for eligible businesses that have had their trading restricted by the extended lockdown measures.

- **\$10,000** : if annual 2019-20 payroll is less than \$650,000
- **\$15,000** : if annual 2019-20 payroll is between \$650,000 and less than \$3 million
- **\$20,000** : if annual 2019-20 payroll is between \$3 million and up to \$10 million.

To apply, you must meet ALL of the following conditions,

- you have a trading address within Victoria
- have an ABN and is registered for GST at 13 September 2020
- have an industry classification as linked to their ABN on this [list](#)
- have employees and a payroll of less than \$10 million (on an ungrouped basis)
- be a participant of JobKeeper
- be registered with WorkSafe (need to provide a WorkCover employer number)
- is registered with the responsible state or federal regulator

Once again, it is very unfortunate that the following businesses will NOT be eligible,

- Sole Traders and other business structures with no employees
- Not signed up to JobKeeper
- 2019-2020 payroll was more than \$10 million
- If they have received funding under the Licensed Hospitality Venue Fund (see below for details)

Businesses that are not eligible may be able to access the,

- Sole Trader Support Fund (see below)
- Licensed Hospitality Venue Fund (see below)
- Other support from the Victorian government's [Business Resilience Package](#)

Applications are open now from [this link](#) until 11.59pm 23 November 2020.

Sole Traders Support Fund

A separate assistance package of **\$3,000** has been announced for Victoria's eligible sole traders who are excluded from the Business Support Fund grants.

To apply, you must meet ALL of the following conditions (as announced to date and more criteria are expected),

- be a sole trader and have no employees
- you have a trading address within Victoria
- operate from a premise that is not their residence (either a tenant of commercial premises or licensee in a commercial location)
- have an ABN
- have an industry classification as linked to their ABN on this [list](#)
- be a participant of JobKeeper

What is disappointing is that this grant is only available for sole traders, who are tenants or licensees in commercial premises. Unfortunately, many sole traders (including businesses operating from home) have been excluded as the Victorian government is of the view that are able to access JobKeeper support.

Applications are yet to open as of 21 September 2020 but please refer to [this link](#) for further information.

Grants for the Hospitality Industry

There are now also several programs to support food service businesses that have been significantly affected by the Stage 3 and Stage 4 'Stay at Home' restrictions to help slow the spread coronavirus (COVID-19) in Victoria.

- **CBD Small Hospitality Grant**

A grant has been allocated to help small and medium hospitality businesses in Melbourne's CBD faced with a setback to their trading conditions. To be eligible for this grant, businesses must be a recipient of the Business Support Fund – Expansion grant and should receive an invitation to apply.

- **\$5,000:** seating capacity of 11 to 100 seats or
- **\$15,000:** seating capacity of 101 or more seats

Applications are open now from [this link](#).

- **Licensed Hospitality Venue Fund**

Cash grants between \$10,000 to \$30,000 will be offered based on venue capacity and location for licensed pubs, clubs, hotels, bars, restaurants and reception centres.

The full list of the eligibility criteria and application process is yet to be announced but refer to [this link](#) for more details.

- **Hospitality Business Grant Program**

Eligible Victorian hospitality businesses could be provided with a one-off, \$25,000 grant (and possible extras) if, they had an annual payroll for 2019-20 between \$3 million - \$10 million.

Businesses that have received a grant from the Victorian Live Music Venues Program and/or the Business Support Fund - Expansion program are not eligible to apply.

Applications are open now from [this link](#).

Relief for commercial tenants and landlords

The “Commercial Tenancy Relief Scheme” will be extended until 31 December 2020 to support the financial hardship faced by commercial tenants as a result of the extended lockdowns.

As a reminder to affected businesses, tenants should continue to negotiate with landlords “in good faith”. The Victorian Small Business Commission has issued [a letter template](#) that commercial tenants could use to negotiate commercial rent relief.

Also, guidance from the state government states that to prove a decline in turnover, a tenant should provide their landlord with:

- information extracted from an accounting system or BAS, and
- information that verifies the tenant’s annual turnover is under \$50 million in turnover and participates in the JobKeeper program

On the other hand, the landlord should **NOT** be requesting any of the following from their tenants:

- any future cash flow projections
- year to date accounting information or the bank balanced details
- the financial information to be verified or examined by an external accountant
- an accountant to provide a letter on the financial information as provided by the tenant.

For further information in relation to the rent relief, please refer to the FAQ on [this website](#).

Also, for landlords,

- that provide a 50% or more rent waiver of at least three months’ rent to eligible tenants of both residential and commercial properties can claim a 50% waiver of the property’s 2020 land tax
- who are owner-occupiers of commercial properties can obtain a 25% waiver of the property’s 2020 land tax if their business meets several conditions (including participating in the JobKeeper Scheme)
- land tax is available to be deferred for the remainder of their 2020 land tax to 31 March 2021.

There is also a **Commercial Landlord Hardship Fund** that is offering up to **\$3,000** for eligible individual (including joint owners) landlords of commercial properties who are facing financial hardship after reducing rent for their tenants.

Applications are open now from [this link](#) until eight weeks from 21 August 2020 or if funds are exhausted, whichever comes first.

Please do not hesitate to call us on 03 9500 2097 should you wish to further discuss any options (if unattended, please leave a message of an appropriate timeframe to call back).

Please stay healthy and look after yourself, your family and your business.

(updated 21 September 2020)

[READ INFO ON OUR WEBSITE](#)

Disclaimer:

Information based on facts we have summarised to the above updated date. We have not considered your personal circumstances and should you wish to consider it, please seek professional advice.

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