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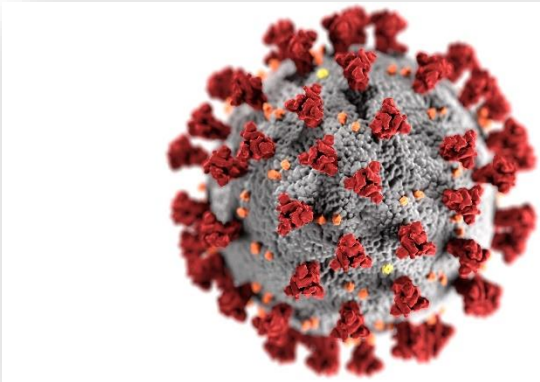
Business Insights

April 2020



Federal Government announces *Commercial rent relief*
State Government *Grants*
More details on *$130 Billion JobKeeper package*

JobKeeper

The payment will provide the equivalent of around *70 per cent of the national median wage*. The payment will ensure eligible employers and employees **stay connected** while some businesses move into hibernation.

The payment will be made to employers, for *up to a maximum of 6 months*, for each eligible employee that was on their books on 1 March 2020 and is retained or continues to be engaged by that employer.

Where a business has *stood down employees* since 1 March, the payment will help them maintain connection with their employees.

Every eligible employee must receive a payment of at least $1,500 per fortnight from this business, before tax.

The program commenced 30 March 2020, with the first payments to be received by eligible businesses in the *first week of May as monthly arrears* from the ATO.

Eligible businesses can begin distributing the JobKeeper payment immediately and will be reimbursed from the first week of May.

Which employers are eligible?

Eligible employers will be those with *annual turnover of less than $1 billion* who self-assess that have a ***reduction in revenue of 30 per cent or more***, since 1 March 2020 over minimum one-month period.

Eligible employers with an *annual turnover of $1 billion or more would be required to demonstrate a* ***reduction in revenue of 50 per cent*** *or more* to be eligible.

Who are eligible employees?

Full time and part time employees, including stood down employees, would be eligible to receive the payment.
Where *casual employees have been with their employer for at least the previous 12 months,* they will also be eligible.

An employee will only be eligible to receive this payment from ***one employer.***

Employees must be at least 16 years of age.

***To discuss the implications and eligibility of* JobKeeper, grants and rent relief *to your business, we welcome your inquiries. Please contact us on* 02 5858 4100.**

Mandatory Code for Commercial Rent Relief

The mandatory Code will be legislated and regulated as appropriate in each state and territory jurisdiction.

The code will apply to tenancies where the ***tenant or landlord*** *is* ***eligible*** *for the* ***JobKeeper program*** and where they have a turnover of $50 million or less.

Landlords *must* ***not terminate*** *the lease* or *draw on a* ***tenant's security***. Likewise, **tenants** must *honour* the lease.
Landlords will be required ***to reduce rent proportionate to the trading reduction*** in the tenant's business through a *combination* of **waivers** of rent *and* **deferrals** of rents over the course of the pandemic.

Waivers of rent must account for *at least 50 per cent of the reduction* in the rental provided to the tenant during that period. ***Deferrals*** must be covered *over the balance of the lease term* and in a period *no less than 12 months*.

POINTS TO NOTE:

JobKeeper is treated like regular income and *may affect eligibility for other welfare payments received.*

Super Guarantee (SG) obligations continue *as normal for existing salary and wages* payable to employees. However*, it is not compulsory* for the employer to pay SGC in respect of *additional amounts* when the employees regular pay is less than $1,500.

Small Business Support Grant

The NSW COVID-19 Small Business Support Grant of $10,000 will be available to eligible NSW small business owners.
The application form will be available on the Service NSW website by 17 April.
To be eligible, businesses will need to:

- have *between 1-19 employees* and a turnover of more than $75,000.
- *a payroll below* the NSW Government 2019-20 payroll *tax threshold of $900,000*.
- *have an Australian Business Number* as at 1 March 2020, be based in NSW and employ staff as at 1 March 2020.
- *be highly impacted* by the COVID-19 Restrictions.
- *use the funding for unavoidable business costs* such as utilities, overheads, legal costs and financial advice.
- *provide appropriate documentation* upon application.

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